

aircraft, such as the CSeries product line; Transportation Products (34%, 40%) produces rail cars and related products/systems. Revenues by region: Canada, 7%; U.S., 31%; Europe, 40%; Other, 22%.

corporated: Québec. Address: 800 René-Lévesque Boulevard West, Montréal, H3B 1Y8, PQ, Canada. Telephone: 514-861-9481. Internet: www.bombardier.com

ANNUAL RATES Past Past Est'd '13-'15 10 Yrs. to '19-'21 of change (per sh) 5 Yrs. -.5% -8.5% -.5% -4.5% Sales 'Cash Flow 4.0% -11.5% Earnings 1.0% 2.0% Dividends -3.5% Book Value<sup>G</sup> Nil

15087

15450 15450 16136

15764

16528

14307

14307

**Current Assets** 

Debt Due Other

Current Liab.

		LES (\$ mi Sep.30		Full Year
				19299
				23327
				24229
				22325
00	5700	5900	6200	23500
Cal- EARNINGS PER SHARE A B				Full
ar.31	Jun.30	Sep.30	Dec.31	Year
.08	.11	.09	.05	.33
.12	.14	.07	.08	.41
.05	.05			.10
1.03	d.06	d.04	d.02	d.15
Nil	Nil	.02	.03	.05
QUARTERLY DIVIDENDS PAID C			Full	
ar.31	Jun.30	Sep.30	Dec.31	Year
025	.025	.025	.025	.10
025	.025	.025	.025	.10
025	.025	.025	.025	.10
025	.025	.025	.025	.10
	ar.31 13 45 01 06 00 EAR ar.31 .08 .12 .05 d.03 Nil QUAR ar.31	ar.31 Jun.30 13 4710 45 5908 06 5731 00 5700  EARNINGS PE ar.31 Jun.30 .08 .11 .12 .14 .05 .05 .03 d.06 Nii Nii  QUARTERLY DIV ar.31 Jun.30 025 .025	ar.31 Jun.30 Sep.30 13 4710 4314 45 5908 5452 00 5700 5900  EARNINGS PER SHARE ar.31 Jun.30 Sep.30 .08 .11 .09 .12 .14 .07 .05 .0505 .0503 d.06 d.04 Nil Nil .02  QUARTERLY DIVIDENDS I ar.31 Jun.30 Sep.30 025 .025 .025	ar.31 Jun.30 Sep.30 Dec.31 13 4710 4314 5661 45 5908 5452 6622 01 6189 5546 6693 06 5731 5543 5845 00 5700 5900 6200  EARNINGS PER SHARE AB ar.31 Jun.30 Sep.30 Dec.31 .08 .11 .09 .05 .12 .14 .07 .08 .05 .05103 d.06 d.04 d.02 NII NII .02 .03  QUARTERLY DIVIDENDS PAID C ar.31 Jun.30 Sep.30 Dec.31 025 .025 .025 .025

Bombardier's operating performance in the first half of 2016 was largely in line with expectations. Sales regressed 9% through the first two quarters, from the year-earlier span, though the rate of decline decelerated to 7% in the June period. The cost of goods sold was trimmed by -7%, and operating expenses narrowed modestly, but margins remained under pressure nonetheless, with EBIT swinging to a loss, versus a profit in the similar six-month stretch of 2015. All told, Bombardier opened 2016 with two-consecutive quarters of bottom-line deficits.

Meanwhile, there have been a few noteworthy developments. In late August, its Bombardier Transportation division opened a new production site and headquarters in South Africa. The facility was constructed to supply that nation's freight and logistics agency with electric locomotives as part of a contract valued in excess of CS4 billion. Elsewhere, demand for the CSeries regional jets remains solid, with the order backlog likely reaching 370. We've widened our share-loss timate for the current year, but still anticipate a slight profit in 2017. We

now foresee a deficit of \$0.15 a share for 2016, versus our earlier expectation of a \$0.10 loss. Our more-tepid outlook reflects weak sales of business jets, intensified margin pressure, and elevated interest charges. On the plus side, sales and profitability at the Commercial Aircraft unit should improve beginning next year when deliveries start to meaningfully pick up. At the same time, workforce reductions, and lower related charges, will be a factor. Our 2017 bottom-line forecast stands at a profit of \$0.05 per share.

Bombardier stock is a timely selection for the year ahead, but is only suited for investors with a tolerance for risk. The equity has rebounded sharply over the last year or so, emerging from sub-\$1-pershare territory and now hovering above the \$2 mark. Too, the issue has decent price-recovery potential to 2019-2021, but comes with a number of caveats. Indeed, these shares carry our Lowest rank for Safety (5), have poor scores for Price Stability and Price Growth Persistence, and the company's Financial Strength rating is subpar (C). Sharif Abdou September 9, 2016

(A) Fisc. years end 1/31 through fiscal 2011, (A) Fisc. years end 1/31 through and calendar yearend thereafter.

(10¢); '15, (\$3.54). EPS may not sum to total due to rounding or translation effects. Next (E) All data in Canadian dollars. Toronto Tick-EPS report due early November. (E) All data in Canadian dollars. Toronto Tick-er: BBD-B. (F) In millions. (G) Shr. equity er: BBD-B. (F) In millions. (G) Shr. equity declined materially in '11 due to IFRS adoption.

Company's Financial Strength Stock's Price Stability 10 Price Growth Persistence **Earnings Predictability** 45