

Bombardier reports loss in Q2 amid issues with rail contracts

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The Canadian group Bombardier will lay off 550 employees at its Thunder Bay, Ontario plant

Canadian plane and train maker Bombardier on Thursday announced major losses in the second quarter due to delays in fulfilling several of its

rail contracts, and revised down its earnings forecast for the year.

The news sent its shares tumbling on the Nasdaq—it was down about 18 percent in mid-morning trade.

Bombardier now expects its 2019 earnings to fall in the range of US \$1.2-\$1.3 billion, down from its previous forecast of \$1.5-1.65 billion, mainly due to problems in its transportation division.

The group expects to pour an additional \$250-300 million into the division in order to wrap up a number of "late-stage, legacy projects" and protect the delivery schedule for other rail contracts.

In the quarter ending June 30, Bombardier suffered losses of US \$36 million, or four cents a [share](#), after logging a \$70 million profit in the same quarter a year ago.

That loss far exceeded the expectations of analysts, who had counted on a loss of one cent per share.

Revenue was up one percent at more than \$4.3 billion.

During the [second quarter](#), Bombardier concluded the sale of its Q Series turboprop line to a Canadian investment fund and also said it would sell its CRJ Series regional jet program to Mitsubishi Heavy Industries for \$550 million.

Both lines were seen as underperformers.

The group had already ceded a majority stake in its medium-range C Series jetliners to Airbus.

"We are very happy with our continued momentum in aerospace, where

our transformation is progressing ahead of plan," Bombardier CEO Alain Bellemare said in a statement.

"We have successfully addressed our underperforming commercial aircraft programs and are now fully focused on business aviation," he added.

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