



BOMBARDIER STOCK FALLS BELOW \$1 AS AIRBUS INKS IRAN JET DEAL

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Bombardier shares were reduced to penny-stock status for the first time since 1991 on Wednesday as the plane and train maker continues to have trouble selling its next generation of aircraft.

Bombardier shares were trading hands at 92 cents on the TSX on Thursday, a day after closing below the \$1 level for the first time in 25 years.

If a company falls below \$1 per share on some major exchanges it can lead to delisting. That's bad news for a company as it means mutual funds and ETFs that track the index must sell the shares, which increases pressure against the stock and can create a feedback loop of lower prices.

Unlike other stock exchanges, TSX rules don't have a set minimum share price but the exchange monitors the price as part of a broader set of criteria, said spokesman Mathieu Labrèche.

Problems with C-Series

Bombardier shares have been sliding for more than a year as the company struggles to get its next-generation CSeries jets into the air so it can book sales to customers.

Bombardier pitches the CSeries as cheaper, quieter and more efficient than any other jet of its size. But a slew of delays appear to have soured airlines' appetite for the jets.

Bombardier values the larger version of the CSeries at about \$80 million per jet. Based on Thursday's trading, the entire Bombardier company is worth \$2.11 billion. That means the entire market value of the company is the equivalent of about 26 of its own jets.

On Thursday, Iran's president is set to announce that Iran Air will be buying 118 jets from Bombardier rival Airbus now that U.N. sanctions against the country have been lifted.

Analyst David Tyerman of Canaccord Genuity said the stock's decline isn't likely tied to one event but rather to disappointment over Bombardier not winning an order from United Airlines and cumulative concerns about whether the company can withstand a macroeconomic downturn. United bought Boeing jets last week.

Tyerman — who has a \$1.30 price target for Bombardier — said it doesn't really matter if the shares are a few cents above or below \$1, except in the case of some institutional investors who won't own shares of a company that are below that threshold.

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