



CANADAIR REGIONAL JET PROGRAM TO BE ACQUIRED BY MITSUBISHI HEAVY INDUSTRIES

News / Manufacturer



Important news! The definitive agreement between Bombardier and Mitsubishi Heavy Industries regarding Canadair Regional Jet Program!

Mitsubishi Heavy Industries and Bombardier announced they have entered into a definitive agreement, whereby MHI will acquire Bombardier's regional jet program for a cash consideration of \$550 million USD, payable to Bombardier upon closing, and the assumption by MHI of liabilities amounting to approximately \$200 million USD. Under the agreement, Bombardier's net beneficial interest in the Regional Aircraft Securitization Program (RASPRO), which is valued at approximately \$180 million USD, will be transferred to MHI.

Pursuant to the agreement, MHI will acquire the maintenance, support, refurbishment, marketing, and sales activities for the CRJ Series aircraft, including the related services and support network located in Montréal, Québec, and Toronto, Ontario, and its service centers located in Bridgeport, West Virginia, and Tucson, Arizona, as well as the type

certificates.

This acquisition is complementary to MHI's existing commercial aircraft business, in particular the development, production, sales and support of the Mitsubishi SpaceJet commercial aircraft family. The maintenance and engineering capabilities of the CRJ program will further enhance critical customer support functions, a strategic business area for MHI in the pursuit of future growth.

Seiji Izumisawa, President & CEO of MHI, commented: "As we outlined during the recent Paris Air Show, we are working hard to ensure that we provide new profit potential for airlines and set a new standard for passenger experience. This transaction represents one of the most important steps in our strategic journey to build a strong, global aviation capability. It augments these efforts by securing a world-class and complementary set of aviation-related functions including maintenance, repair and overhaul (MRO), engineering and customer support."

Izumisawa concluded, "The CRJ program has been supported by tremendously talented individuals. In combination with our existing infrastructure and resources in Japan, Canada and elsewhere, we are confident that this represents one effective strategy that will contribute to the future success of the Mitsubishi SpaceJet family. MHI has a decades-long history in Canada, and I hope this transaction will result in the expansion of our presence in the country, and will represent a significant step in our growth strategy."

"We are very pleased to announce this agreement, which represents the completion of Bombardier's aerospace transformation," said Alain Bellemare, President and Chief Executive Officer, Bombardier Inc. "We are confident that MHI's acquisition of the program is the best solution for airline customers, employees and shareholders. We are committed to ensuring a smooth and orderly transition."

Bellemare continued: "With our aerospace transformation now behind us, we have a clear path forward and a powerful vision for the future. Our focus is on two strong growth pillars: Bombardier Transportation, our global rail business, and Bombardier Aviation, a world-class business jet franchise with market-defining products and an unmatched customer experience."

The CRJ production facility in Mirabel, Québec will remain with Bombardier. Bombardier will continue to supply components and spare parts and will assemble the current CRJ backlog on behalf of MHI. CRJ production is expected to conclude in the second half of 2020, following the delivery of the current backlog of aircraft.

Bombardier will also retain certain liabilities representing a portion of the credit and residual value guarantees totaling approximately \$400 million USD. This amount is fixed and not subject to future changes in aircraft value, and payable by Bombardier over the next four years.

The transaction is currently expected to close during the first half of 2020 and remains subject to regulatory approvals and customary closing conditions.

The agreement contemplates a reverse break fee payable by MHI under certain circumstances.

25 JUNE 2019

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