



Outlook Good for Large-cabin Bizjets; Midsize Less So

Bombardier Aerospace and Gulfstream Aerospace are well known fierce rivals, but that doesn't mean they can't agree from time to time, especially when it comes to the outlook for business jets. In separate investor presentations yesterday, executives at both Bombardier and Gulfstream parent company General Dynamics said they are increasingly optimistic about the outlook for new-production large-cabin business jets over the next two years, though—to quote General Dynamics chairman and CEO Jay Johnson—the midsize category remains “challenged due to high pre-owned inventory levels of midsize jets.” Johnson spoke at the Morgan Stanley global industrial conference in New York, while Bombardier Aerospace president and COO Guy Hachey made his comments during the company's second-quarter investor conference call. Both believe that the business jet industry is “stabilizing” and that sales of new large-cabin jets are trending upward, while Hachey said cancellations are down and Johnson noted that business aircraft service activity is rising. Further, Johnson and Hachey separately said these positive trends have been continuing, and gaining more momentum, in recent months. Johnson noted that Gulfstream has a diverse \$2 billion backlog, with the bulk of these orders for large-cabin jets. Bombardier's Hachey said the backlog for Globals spans 29 months, above the 12- to 18-month target range; Challengers are 17 months, above the target nine- to 12-month range; and midsize Learjets are seven months, within the company's six- to nine-month range.