

Longview Aviation revenue set to take off with Bombardier Q400 turboprop acquisition

DAVID EBNER

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Victoria-based Longview Aviation Capital Corp. is set to become the continent's largest commercial turboprop-aircraft manufacturer with the \$300-million acquisition of Bombardier Inc.'s Q400 turboprop business and the storied de Havilland brand.

While Bombardier is shedding employees and non-core assets, Longview Aviation, which owns Twin Otter maker Viking Air Ltd., will see annual revenue jump toward \$1-billion from about \$300-million as a result of the deal.

The acquisition, announced Thursday and set to close by the second half of next year, keeps Canadian aviation assets in the hands of a domestic company. Longview Aviation chief executive David Curtis also plans to revive the de Havilland name.

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"It's a Canadian aviation iconic name – and it'll be back. People will be pretty happy to see that brand re-emerge on the global stage," Mr. Curtis said in an interview.

While the deal is a big one for Viking, the company was a natural buyer for the Q400 business. Viking has done previous deals with Bombardier and had asked about the Q400 for several years. There have been serious talks over the past year, with a pause when Bombardier sold a majority stake in its C Series business to European aerospace giant Airbus Group SE.

Mr. Curtis said it was important to keep the Q400 business in Canada. Viking makes Twin Otters near Victoria and in Calgary. The Q400s are made at the Downsview plant in Toronto.

"This is just me speaking, but there was always a risk that it would be sold offshore, which would have been tragic for Canadian aerospace, especially given what's happened with the C Series going to Airbus," Mr. Curtis said.

Longview Aviation is backed by part of the largest family fortune in Canada. It is wholly owned by Sherry Brydson of the Thomson family, granddaughter of the late Roy Thomson and cousin of David Thomson. (Woodbridge Co. Ltd., the Thomson family's holding company, controls Thomson Reuters Corp. and also owns The Globe and Mail.)

Viking Air was established in 1970 and focused on parts and work for Grumman flying boats. In 1983, the company pivoted when it won a deal to make and sell parts for several de Havilland planes that were no longer being manufactured. Mr. Curtis, then in his early 20s and with dreams of becoming a commercial pilot, joined Viking Air that summer. He got his pilot licence two years later – to this day he regularly flies a de Havilland Beaver – but turned his eye to the business of aircraft, becoming CEO in 1991.

Ms. Brydson invested in Viking Air in 2003, which led to deals in 2005 and 2006 with Bombardier that laid the groundwork for Viking Air to start making Twin Otters. The rugged, respected aircraft had first flown in 1965 and was last made in 1988. The first new Twin Otter flew on Feb. 16, 2010. Viking Air has sold about 140 of them.

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The Q400 is a larger plane and a bigger business. As of July 1, Bombardier had an order backlog of 56 planes.

Aviation consultant Addison Schonland of AirInsight said Viking Air could repeat its Twin Otter success with the Q400.

"They are whip smart," Mr. Schonland said. "The Q400 is going to evolve. That's what Viking is so good at. They have a phenomenal track record of making things better."

The Q400 business is smaller than that of its main competitor, ATR of France, which is half-owned by Airbus. But Mr. Curtis sees great potential for the Q400 as he takes on the biggest deal of his career.

"Everyone does self-reflection – can we pull this off?" he said. "The more we dug into it, the more confident we got."

One issue for Viking Air is the Q400 home at Downsview. Bombardier sold the property in the spring to the Public Sector Pension Investment Board for likely redevelopment. Bombardier has a lease through 2021, with options to extend it to 2023. Viking Air said production will remain at Downsview until at least 2021.

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