



Will Russian Sanctions Sink the Shares of Kinross Gold Corporation or Bombardier Inc.?

Description

Despite a cease-fire announced on September 5, the crisis in Ukraine is not going anywhere. Vladimir Putin is certainly not backing down, and the current situation is unacceptable to the European Union and United States.

But of all the Western leaders, Canadian Prime Minister Stephen Harper seems to be taking the harshest stance against Russia. This shouldn't be surprising — Canada has over 1 million ethnic Ukrainians, and Mr. Harper has taken pro-Ukrainian stances before. This should be very worrying for any Canadian company that does significant business in Russia. Two stand out in particular:

Kinross Gold Corporation ([TSX: K](#))([NYSE: KGC](#)) and **Bombardier Inc.** ([TSX: BBD.B](#)).

Unsurprisingly, both stocks have struggled so far this year, each down about 20%. So what should investors do? Below we take a look.

Should investors mint their Kinross Gold shares?

Kinross just can't seem to catch a break. The company has had to deal with a disastrous acquisition in Africa, a failed project in South America, falling gold prices around the world, and now Russian sanctions.

Russia has accounted for nearly 30% of Kinross's gold production so far this year, which really puts the company in a bind. Earlier this year, it attended the St. Petersburg International Economic Forum, against the wishes of Mr. Harper.

This should be very worrying for Kinross shareholders, because Kinross is walking on a tightrope. And in the future, either Mr. Harper or Mr. Putin could become enemies of the company and impose stiff restrictions on its operations in Russia.

So at this point, the company isn't worth adding to your portfolio. The risk is too great.

Bombardier is also facing headwinds in Russia

Like Kinross, Bombardier has been dealing with a whole host of problems, not just in Russia. More specifically, setbacks in the CSeries program have done a lot of damage to cash flow, the balance sheet, and the stock price.

Luckily for the company, it is not as reliant on Russia as Kinross is. Last year, Russia accounted for \$240 million in revenue, about 1.3% of the company's total. However, Russia's share of revenue was set to grow significantly; Bombardier had plans to build a Q400 turboprop factory in the country. But those will likely be scrapped. For the time being, the company is "monitoring the situation closely".

Then again, Bombardier is probably better off abandoning those plans anyway. It has enough problems to deal with, and management's focus is likely best served dealing with the CSeries.

So at this point, you shouldn't avoid Bombardier just because of concerns about Russia. But there are plenty of other reasons to avoid the stock. Your best bet is to look elsewhere — the free report below has some good alternatives.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. TSX:BBD.B (Bombardier)
3. TSX:K (Kinross Gold Corporation)

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Author

bensinclair

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