



## CSeries Maiden Flight a Success; Is it Time to Buy Bombardier Inc?

### Description

Very few thought it would actually happen, but last Friday, **Bombardier Inc.** ([TSX:BBD.B](#)) successfully had its maiden flight for the larger model CSeries. This aircraft, significantly delayed and \$2 billion over budget, is what the company has staked its entire reputation on. If it succeeds, Bombardier will have a significant revival. If it fails, Bombardier could be in a very bad situation.

Life has not been easy for the company while this plane has been in development. The company is now at an all-time low, has considerable debt on the books, and just raised over \$1 billion in a share offering, which has further diluted investors. Because of all this, buying Bombardier is a really risky move.

However, there's a possibility that the company can turn it all around. For that to happen, two things will need to occur.

First, Bombardier needs to have a flawless record with its testing between now and the end of the year. Airplanes require hundreds of hours of flying to ensure that they are truly safe. Bombardier has promised that it would start delivering planes by the end of the year, so a flawless test record between now and then will ensure that Bombardier starts generating cash flow.

Second, the company needs to secure more buyers. It intends to do this by going to the air show in Paris. This is where all the major airplane manufacturers go to show off their wares, but Bombardier needs to dominate. Right now, the company has 243 orders for the jet. I would feel more comfortable about Bombardier if it were able to get that closer to 300.

Should the company succeed at these two steps, 2016 might be the year for Bombardier. But that doesn't answer the question of whether you should buy or not.

Personally, I would avoid Bombardier if you're a more conservative investor. Wait for the company to successfully launch the CSeries and actually start collecting payment. If that happens, I will feel confident about Bombardier. However, if you're more of an aggressive, risk-taking investor, it wouldn't hurt to start a position in the company now. It's priced so cheaply because of how much has gone wrong, but if things do go right, there will be a lucrative rebound.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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