



## Bombardier Inc. Needs to Deliver the CSeries or it's Bust for This Stock

### Description

I am a sucker for a turnaround story and for a while I actually believed that **Bombardier Inc.** ([TSX:BBD.B](#)) was going to be the next turnaround story. But there is news coming out that is suggesting that maybe I really was a sucker and that Bombardier is going to fail—again.

According to a story by the *Financial Post*, Bombardier's third-biggest CSeries customer is considering cancelling its order due to the continuous delays Bombardier has had with the plane, and because of the difficulty in getting financing for Russian companies. Ilyushin Finance Co. has a firm commitment dating back to 2013 for 32 of the CS300, plus an option for 10 more. Last July when it was expected that the CSeries was getting close to launch, Ilyushin ordered an additional seven.

But then Bombardier CEO Alain Bellemare said that commercial flights wouldn't begin until 2016, which was three years later than Bombardier had initially planned on releasing the plane. Take the three years out of the conversation, though. Bombardier said that it would release the plane toward the end of 2015, but is now pushing that back again. At some point, other customers are going to get fed up.

### This is a high-risk stock

If you look at my other Bombardier articles, you'll see that I've recommended tentatively that you buy shares of the company. The company looked like it had finally figured out the test problems for the CSeries and would release it.

But at the end of the day, this is a high-risk stock. Because of how delayed the plane is, it's hard to believe that it will even be delivered in 2016. Bombardier has done the exact opposite of what it should: it over-promised and under-delivered. And if there are further delays, Bombardier's stock is going to drop.

And worse, if one of the big customers suddenly backs out of buying the planes, Bombardier's stock could completely plummet, causing a significant amount of pain for investors.

The only good sign for Bombardier is that it does still have other customers and appears to be adding

new ones. Back in March, the Malaysian airline, Flymojo, agreed to buy 20 CS100 aircraft, which is valued at US\$1.5 billion. The company has an option to double the number of planes, bringing the total value of the deal up to US\$2.94 billion.

At the end of the day, Bombardier may wind up being a turnaround story. It may dazzle us all with its ability to generate tremendous amounts of revenue. But for me, Bombardier is a bust and I can't in good faith recommend it as a company to own.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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