



2 Reasons Why Bombardier Inc. Shares Could Pop Soon

Description

It's been a long time since **Bombardier Inc.'s** ([TSX:BBD.B](#)) shareholders got some real good news about the CSeries. But Walter Spracklin of RBC Capital Markets thinks there could be some very positive headlines coming soon. With Bombardier shares trading just above \$2.50—not far above their 52-week low—now might be the perfect time to jump in.

So, what positive headlines could we expect to see from Bombardier? And is this a good opportunity to buy?

Headline #1: fuel efficiency is better than expected

Bombardier claims that the CSeries burns 20% less fuel than similarly sized jets from competitors. In fact, the company has used this number for many years. But according to Mr. Spracklin, Bombardier management is indicating that test results are even better than expected. A formal announcement could be coming soon.

Such an announcement could even come in the next few days. The Paris Air Show starts next week, and Bombardier would love to generate some CSeries buzz before the show begins.

Headline #2: new orders from the Paris Air Show

Bombardier has still only secured 243 firm orders for the CSeries jets, well short of its 300 target. Even more worryingly, the last order was announced nearly nine months ago.

But Mr. Spracklin thinks the Paris Air Show could lead to more orders. Importantly, the CSeries jets have never before been featured at this event. So, next week many potential buyers will see the plane in action for the first time. With more certainty regarding the plane's certification (which should come later this year), now could be the time for a number of airlines to make an order.

A couple of big obstacles remain. One is the aggressive pricing tactics seen by larger competitors, particularly Airbus. The other is lower fuel prices, which diminish the fuel efficiency advantage of the CSeries. It's no coincidence that the last CSeries order came when oil last traded above US\$95 per

barrel.

Is now a time to buy?

Here at The Motley Fool, we don't advise trading just based on headlines. Instead, we advise buying quality companies for a reasonable price and holding them for the long term.

And Bombardier is not a quality company. It has too much debt. It competes against stronger companies. It has a weak track record.

At this point, I'd like to see a lot more from Bombardier before buying any shares. The stock could certainly skyrocket if everything goes right, but until then the risk is far too great.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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Date

2025/07/21

Date Created

2015/06/11

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