



The Top 3 Reasons to Buy Bombardier, Inc. Before the End of 2015

Description

To say the least, **Bombardier, Inc.** ([TSX:BBD.B](#)) is not a very popular stock these days. And for good reason. The company has been burning cash at an alarming rate, and has not secured any firm CSeries orders for over 12 months. Making matters worse, the business jet market continues to deteriorate, and Bombardier Transportation (BT) has underperformed for years.

But now may be one of the best times to own Bombardier. On that note, we look at the top three reasons to buy Bombardier shares before the end of the year.

1. A game-changing transaction

It's no secret that Bombardier is running out of liquidity. The company has just over US\$3 billion of cash left on its balance sheet, not much considering the company burned through US\$1.6 billion through the first six months of this year. Debt-rating agencies have taken notice, downgrading Bombardier to junk status.

But there's actually quite a bit that Bombardier could do. It could sell off a piece of BT, or the whole thing altogether. It could do the same thing with the CSeries. Or it could do both.

Given Bombardier's cash needs, we can be pretty sure that some sort of transaction will take place. And no matter which way the company goes, investors will certainly cheer. If you're not convinced, Bombardier's shares climbed 23% on September 9, after *Reuters* reported that a Chinese firm was interested in buying BT. The shares also climbed by 15% after reports that Bombardier held discussions with Airbus about a CSeries partnership.

So, when Bombardier actually executes a transaction, the shares will likely take off again. You'll want to hold them when this happens.

2. Progress on the CSeries

It's clear that the CSeries has no momentum right now. But its certification program is over 90% complete, and the CS100 is set for first deliveries early next year. Once this happens, airlines could

easily feel more compelled to sign firm orders; right now, many of them are in wait-and-see mode.

Importantly, there are still signs of strong interest from the airlines. Bombardier is having no trouble getting meetings, including from major U.S. airlines like **JetBlue**.

So, we could easily see a major order coming soon, and that would be enough to restart momentum.

3. A cheap price

This is easily the biggest reason to buy Bombardier's stock right now. At a share price of \$1.58 (as of this writing), the company is valued at just under US\$9 billion after including net debt. That's barely more than what the Chinese were willing to pay for BT.

That doesn't mean now is necessarily the best time to buy Bombardier. The company is reporting third-quarter results near the end of this month, and we'll have more clarity at that time. Until then, it is probably best to sit tight.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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