



Is it Time to Invest in Bombardier, Inc.?

Description

There's no disputing the fact that **Bombardier, Inc.** ([TSX:BBD.B](#)) can claim the title as one of the worst-performing stocks over the past year. The stock is down over 70% for the year, and the ambitious CSeries program, which was supposed to reap revenue hand over fist, is now several years late in addition to being billions over budget.

So what's changed and does this mean Bombardier is a sound investment now?

The CSeries will launch ... soon

The CSeries is an ambitious project. It is a larger, mid-ranged, and wide-bodied jet that is both the lightest and most fuel efficient of any of the offerings that **Boeing Co.** or Airbus Group SE have.

Bombardier delivered on these points, albeit a couple years late. The plane is more efficient than previously thought and is still lighter than the competition. Bombardier is waiting to get the aircraft through final acceptance with Transport Canada, which seems to be a mere few weeks away. Flight-testing certification for the CS100 variant was granted last month.

All signs point to the company delivering planes to airlines that have signed orders by the first half of next year. This will bring much-needed income to the company and increase exposure of the CSeries as a tangible option for airlines rather than the mythical status it currently enjoys.

Solid financial footing ... for the time being

Bombardier recently received a significant \$2.5 billion infusion from the Government of Quebec in exchange for part ownership of the CSeries. This has put the company on more solid footing and will keep Bombardier funded until after the CSeries orders start to be delivered.

If there was any doubt about the stock being capable of dropping further, the cash injection will be event that establishes the baseline from which value in the stock can now start to appreciate. As it stands currently, the market cap for the company sits at a little over \$2.8 billion. Considering the amount the government invested, there is still significant value in the stock that is not reflected in the

current share price.

Are more orders are coming in?

With the CSeries certified and money in the bank to start building the planes, the only things missing are a launch partner and sufficient orders. Bombardier has stated on more than one occasion that the goal was to get 300 orders by launch. Currently, the company has 243 orders.

While there haven't been any new orders since September of last year, the recent certification of the aircraft could serve as a catalyst for additional orders. Both United Airlines and JetBlue could potentially be waiting for the right moment before making an offer. Swiss Airlines has signed on as the official launch partner of the CS100, with delivery scheduled for the first half of 2016.

Let's be straight on one major point: Bombardier is a risky stock. Given the current share price at approximately \$1.23, Bombardier could either be the biggest potential investment for the next five years or an underperforming straddled stock. In my opinion, the stock warrants a small position only for those investors who can tolerate extremely risky stocks.

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1. Editor's Choice

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1. TSX:BBD.B (Bombardier)

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