



Bombardier, Inc. Gets an End-of-Year Bonus With 2 Announcements

Description

Christmas came a few days early for **Bombardier, Inc.** ([TSX:BBD.B](#)) this year. Two announcements will have the company and shareholders celebrating the holiday season with a little extra cheer.

The CSeries is finally certified

Regulators have finally approved the CSeries for flight—a sign that years of delays and cost overruns may finally be ending.

The new CSeries jet initially drew a significant amount of attention and orders, but as the project was delayed and as the budget started to balloon out of control, new orders and excitement over the project dried up. Bombardier expected 300 orders for the aircraft, but received only 243 firm orders, and there have not been any new orders for the jet in over a year.

The project is over two years late and \$2 billion over budget.

Many airlines have taken a wait-and-see approach before committing to orders, as project delays have made it difficult for airlines to schedule fleet upgrades without firm dates. However, Bombardier is prepared to reduce the price of each new plane to spur interest in the new CSeries.

Both U.S. and European regulators are likely to follow the path of Transport Canada and certify the jet for use shortly.

This announcement effectively means that the delays with the CSeries have come to an end, and the company can start to deliver the jets to airlines that have placed orders starting later next year as planned.

Alstom contract signed

Bombardier signed a deal with Alstom of Belgium to supply double-decker rail cars through 2021 to the Belgian national railway.

The deal is worth a reported 3.3 billion euros for 1,362 double-decker train cars. Delivery of the first 445 cars is scheduled to begin in 2018.

While both of these announcements are great for the company, there is still a considerable amount of risk associated with investing in Bombardier. Bombardier is currently trading at \$1.31, so investing a small amount of capital in the company could yield a massive return should its fortunes change course.

The company has already sought financing from the Quebec government and is currently in talks with the Canadian government on acquiring additional funding.

In my opinion, Bombardier is too risky a stock to warrant a new investment, but those investors already holding shares should keep their positions to see where the stock will go.

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