



## Why Bombardier, Inc. Is on the Upswing

### Description

**Bombardier, Inc.** ([TSX:BBD.B](#)) may finally be experiencing some good karma. The embattled manufacturer of planes and trains has been under the magnifying glass for a number of years now as it has been the subject of multi-year delays, multi-billion dollar cost overruns, and a longer-than-expected certification for the company's new CSeries jet.

The CSeries is a unique aircraft; the 100-150 passenger segment has been traditionally underserved by many carriers with most companies opting to go for one of the larger, more expensive planes from one of Bombardier's competitors.

The good news is that the company may finally be able to turn the page on those hard times after a string of favourable announcements.

### The Delta deal and long-standing impact for the airline market

A few short weeks ago the CSeries was seen by many as an impressive plane, but nobody was willing to order it. Plagued by delays, potentially interested airlines decided to take a wait-and-see approach before talking with Bombardier about a deal.

That changed when **Air Canada** announced a letter of intent for an order of the jets, shortly followed by **Air Baltic** converting an option for additional jets, and then **Delta Air Lines Inc.** followed up with a large order for 75 jets, signaling the largest deal yet for the CSeries.

Bombardier finally got the deal it's always wanted from a large North American airline that could showcase the brand and set an example for other smaller airlines to follow. Delta likely got both a very good deal on the planes as well as an expedited delivery schedule.

Other airlines that were waiting on the sidelines will now likely come forth as the weight of both Air Canada and Delta will solidify the CSeries as a real option for airlines to pick from.

### What's next for Bombardier?

While the company's future certainly looks brighter than it was a few months ago, the fact remains that it still has a very long way to go in terms of delivering on all of the orders that have already been placed.

Bombardier also has a significant amount of debt and may still have to turn to the government to help foot the bill to build all of the orders that have been received. Assuming that once the company can get those planes built, don't count on there being huge margins as industry experts have speculated that the Delta deal likely came with a steep discount on the sale.

In the past three months, ongoing developments for both Bombardier and the CSeries have seen the stock more than double from a low of \$0.72 to the current level near \$2. While this does help Bombardier and show that the market now has more confidence in the company, there is still something to be said about waiting for an actual delivery before investors should consider investing in the company.

In the event those deliveries begin and are on time, Bombardier could start to become a real opportunity for investment.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:BBD.B (Bombardier)

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1. Investing

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