



Why Buying Bombardier, Inc. Now Could Be Wise

Description

Bombardier, Inc. ([TSX:BBD.B](#)), the transportation equipment manufacturer, posted its earnings on November 10, 2016, much to the disappointment of investors. The sale of business aircraft declined, leading to underwhelming revenue. However, Bombardier only lost four cents per share over the three-month period, considerably narrower than the \$2.20 per share it lost in the same quarter a year ago. Additionally, the company's future looks bright as several profitable projects are on the horizon.

Last week, the company announced that it struck a deal with French railway company SNCF Réseau, which will net Bombardier \$620 million. The items in question are 40 double-deck trains which will travel across the European country. These massive pieces of machinery have about 100 more seats compared to its predecessor. The move is an extension of a 2010 deal between the two parties that could result in the creation of 860 trains when all is said and done. Only 253 trains have been ordered so far.

A couple of days before that, Bombardier announced that it has inked an eight-year deal with Montreal's Agence Métropolitaine de Transport, which is responsible for the city's transportation services. The equipment that the company will build will consist of a rail service worth \$331 million. The deal is one of many recent efforts by Bombardier to rake in more revenue through agreements that are more profitable for the company.

A touch of prestige was added to one of the train developer's factories after a visit from Prince William on November 30. The Duke of Cambridge made an appearance at Bombardier's Litchurch Lane plant because the company is supplying London with the metalwork necessary for a new rail service.

The company's hot streak continued on December 1, as the company sold two CS300 aircraft as well as a Q400. The buyer was Air Tanzania, which is shelling out about \$203 million for the flight vessels. Bombardier has now received 360 orders for its new aircraft. The increased demand for the company's products has helped it set its price, gearing it up for a positive 2017.

In the coming week, Bombardier's business jet brand is promoting its products at the 2016 Middle East Business Aviation Association. The event will take place in Dubai's international airport from December

6-8. The jets that will be showcased include the Learjet 75, the Challenger 650, the Global 5000, and the Global 6000 planes.

Peter Likoray, senior vice president, Worldwide Sales and Marketing, Bombardier Business Aircraft, noted that there is great potential in the Middle Eastern business jet market. He predicts revenue of \$12 billion through the sale of 350 jets over the coming decade, and 95% of these sales are expected to consist of medium and large aircraft.

On top of everything that Bombardier has going for it, economic forecasting organization The Conference Board of Canada predicts that the aerospace manufacturing industry will experience higher production in 2017. Current industry demand for flight vessels is higher than the supply that companies are delivering at the moment, and production is expected to rise by 4% next year.

Overall, Bombardier is expected to rebound from the 8.5% loss that has lowered its stock over the last six months, which is now selling at \$1.83. The transportation equipment manufacturer has hashed out a series of projects that have positioned it for a strong 2017, and the strong demand for its products suggest even more lucrative deals in the coming months.

CATEGORY

1. Investing

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1. TSX:BBD.B (Bombardier)

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