



Bombardier, Inc.: Be Greedy While Others Are Fearful?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) stock seems to be uninvestable with the ridiculous amount of bad news that seems to be released on a regular basis. The stock has been difficult to own over the past few years, yet there are many contrarian investors out there that still think the struggling company can turn itself around after numerous subsidies from the government of Canada.

The government is putting taxpayer money into the company, so why shouldn't average Canadian investors? I think that's the wrong way to look at it, and I believe taxpayer money is being gambled on a company that doesn't appear to be self-sustaining.

Not only does Bombardier's management team seem untrustworthy, but the company's reputation has been severely tarnished after many public headlines on late deliveries, accusations of bribery, delivery of unfinished products, and controversial government loans. Many prospective clients have shunned Bombardier because of its disappointing history. Due to Bombardier's horrid track record, it may take "sweetheart deals" to attract potential customers, like in the case of the CSeries deal with **Delta Airlines Inc.**

Delta got a really sweet deal! That is, until the U.S. Department of Commerce slapped on a whopping ~220% duty on jets imported from Bombardier. There's no question that the U.S. has taken on aggressive protectionist policies under President Trump; however, such a ridiculously large duty is making many lose hope in Bombardier's abilities to get back up and running.

So much for sweetheart deals; it looks like there's no easy solution for Bombardier. There are no shortcuts. The management team is going to need to repair its reputation gradually over many years; otherwise, the stock is going to slowly plunge below the \$1 mark.

Does it make any sense to buy the dip?

I'm not confident in the management team, and neither is the general public. Bombardier was recently hit with a one-two punch of negative news (~220% U.S. duty, and rival rail deal), which caused shares to plunge 7.49% in a day. With shares near \$2 levels, does it make sense to place a bet while the general public is frightened to death?

Warren Buffett once said, "...be greedy when others are fearful," but that only works for wonderful companies that have been hit with short- or medium-term issues that could be resolved over the long term. Bombardier, however, is in over its head and is way too risky for the average investor.

If you're going to speculate on Bombardier, then you should only bet what you're willing to lose, because this is what may end up happening in the end.

Stay smart. Stay hungry. Stay Foolish.

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