



Bombardier, Inc.: Is This Stock a Buy Today?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) is up 33% this year, and investors are wondering if more gains could be on the way.

Let's take a look at the current situation to see if the plane and train maker deserves to be in your portfolio.

CSeries program

Bombardier has endured some [difficult times](#) over the past few years, and most of the pain is connected to the company's CSeries jets.

The program ran into extended delays and cost overruns in excess of \$2 billion, forcing Bombardier to seek financial assistance from the Quebec government and the province's pension fund.

The investments of US\$2.5 billion stabilized the balance sheet and helped Bombardier secure two key deals last year, including one from **Delta Air Lines**, which has caused some concerns in the United States.

What's up?

Boeing filed a complaint about the Delta deal, accusing Bombardier of using government aid to help it sell the planes at significant discounts. In response, the U.S. Commerce Department has levied duties of about 300% on Bombardier's CSeries jets.

This led to the recent announcement of a 50.1% purchase of the CSeries business by Airbus. The move is designed to thwart the tariffs as the CSeries planes targeted for delivery to U.S. customers will be made in the United States at Airbus facilities located in Alabama.

New orders

Bombardier has struggled to win a large CSeries order since the Delta deal, but that is expected to

change now that Airbus is a majority owner of the program.

In fact, the company says it has received a letter of intent for 31 CSeries jets from a European customer.

Ongoing challenges

Bombardier is still facing challenges. The company just scaled back its expected CSeries deliveries for 2017 from 30 to as low as 20 due to issues with its engine supplier.

In addition, the rail division is struggling to meet delivery targets on some high-profile contracts and is facing tough global competition from Chinese players.

Cash burn for 2017 is now expected to be about \$1 billion, which is at the high end of Bombardier's previous forecast.

Should you buy?

New investors should be careful chasing the rally.

Bombardier is making progress on its [turnaround efforts](#), and the CSeries has the potential to be a major success, especially with Airbus on board, but I wouldn't back up the truck right now, given the ongoing production issues.

Investors who had the courage to buy Bombardier at a much lower price might want to book a bit of profit while the stock is catching a tailwind.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date

2025/07/17

Date Created

2017/11/04

Author

aswalker

default watermark

default watermark