



Bombardier, Inc. Is up 30% in the Past 3 Months: Is the Stock Taking Off?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) announced on Tuesday that it signed a deal worth nearly \$1 billion with a U.K. rail company that will see the manufacturer supply it with 333 new rail cars. With the stock rising 30% in just the past three months, it might be time to reconsider if Bombardier is a good buy.

Bombardier got a big boost in October when it announced that the company was partnering with Airbus to produce its CSeries jets. [I still don't think it is a good deal](#) when you consider that Bombardier got nothing from the partnership but the privilege of working with Airbus and being able to produce the jets at its U.S. locations, which should help avoid the recent tariffs that were put in place south of the border.

This order for new rail cars as well as the order the company received from EgyptAir last month for its CSeries jets is great news, but the real question is how well the company will do in meeting expectations. Performance has been a big problem for Bombardier in the past, and that will be key in determining if the stock will continue to grow.

Can the company turn around its image?

The problem with Bombardier is that the company has gotten a reputation for late deliveries and poor-quality work. Bombardier's reputation has been so bad that it has lots bids because of it, and the New York Metropolitan Transportation Authority [would not even consider it](#) for building its new subway cars.

Financials have been poor in recent results

Despite all of these challenges, Bombardier was able to grow sales in the most recent quarter with revenues rising by 2.6%. The bigger problem has been the company's bottom line. In the trailing 12 months, Bombardier has accumulated losses of \$659 million, and during that time the closest it came to breaking even was a loss of \$28 million.

In two of the past four quarters, the company has even seen its operating income fall into the red.

The stock has been on a downward spiral for years

Typically, stocks grow over time as long as the economy is doing well. Bombardier, however, has seen its stock lose half of its value in the past 10 years. What was once a proud Canadian company has turned into a struggling one that has needed the help of the government on multiple occasions.

Is Bombardier a stock that should be in your portfolio?

Year to date, the share price has risen 45%, and investors might be tempted into thinking that the stock is on the road to recovery. The company has certainly seen some positive news lately, but that shouldn't distract investors from the issues that Bombardier has struggled with in the past.

The stock is still riding momentum from recent developments rather than building off tangible results from its financial performance. A poor quarter, however, could make investors forget all about recent news and send the share price back down into a decline.

Until Bombardier can put together some strong quarterly results, investors would be better off waiting in the sidelines.

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