



3 Factors That Make Bombardier, Inc. a Good Investment

Description

Could **Bombardier, Inc.** ([TSX:BBD.B](#)) ever be considered a great investment opportunity? That's the question on the minds of investors, as the often-mentioned manufacturer of trains and planes continues to find itself in bad situations.

Here's a look at some of the factors that are beginning to make Bombardier look like an attractive option.

The CSeries has massive potential in a market that failed to realize it even existed

The CSeries is both a blessing and a curse for Bombardier. Conceived at a time when fuel costs were significantly higher than they currently are, the CSeries is a revolutionary passenger jet that is more efficient, quieter, and lighter than anything the competition can offer.

The CSeries is also uniquely placed in the market as a large commuter-class aircraft, with passenger seating in the under-served 100-120 range, yet still physically small enough to fly into many secondary feeder-style hubs in cities across the world.

By way of comparison, the closest comparable plane, the 737 from competitor **Boeing Co.** ([NYSE:BA](#)), is significantly larger in size and carries significantly more passengers, making it less than ideal for smaller routes that don't warrant a larger jet.

That potential is untapped, and the catalyst behind Boeing filing a complaint against Bombardier, ultimately resulting in Bombardier [approaching Airbus with a deal](#).

The ongoing dispute with Bombardier has led to several disputes with Boeing. Northern Ireland has a sizable manufacturing facility for the CSeries, and the tariffs imposed could result in potential job losses there. As one of the largest employers in the area, this raised eyebrows in the U.K., even putting into question the ongoing special relationship that the U.S. shares with the U.K.

The Canadian government has also expressed its opinion on the dispute, with Prime Minister Trudeau noting that the government will not do business with Boeing for as long as the company continues to

threaten Canadian aerospace industry jobs. Canada has since backed away with a potential multi-billion deal with Boeing for new fighter jets, going so far as to contemplate purchasing used ones from Australia.

Delta Air Lines Inc. ([NYSE:DAL](#)), which placed a sizable order for the CSeries, has also commented on the dispute. Delta's CEO provided commentary to the U.S. Department of Commerce in favour of Bombardier, noting the incompatibility of Boeing's jets with the CSeries.

The Airbus deal is going to lead to many more CSeries deals

Despite the innovations that the CSeries offers, many airlines opted to take a wait-and-see approach before ordering the new jet. Bombardier got a huge vote of confidence when both **Air Canada** and Delta Air Lines made sizable orders for the CSeries, which arguably led to the ongoing spat with Boeing.

The deal with Airbus provided an even greater boost to the CSeries, leading to an [order](#) from EgyptAir for the larger CS300 variant last month at the Dubai Air Show. That was the second order for the CSeries since the Airbus deal, as Bombardier noted a 30-jet deal from an unnamed European carrier.

Airbus will provide the support that Bombardier needs

There's no denying that the CSeries is a revolutionary new jet that caters to an under-served segment of the aerospace industry. This is an immense opportunity for Bombardier, but being able to deliver those jets on a schedule is something that many see as a potential problem.

Bombardier doesn't exactly have a great track record of bringing products to market on time. The current CSeries delivery schedule for 2017 is already behind schedule, and to meet the current schedule, Bombardier would need to deliver six new jets before the end of the year.

The logistics and experience of Airbus is something that could greatly impact Bombardier's productivity in this regard, not to mention use of Airbus's U.S.-based manufacturing facility to speed up production.

While Bombardier may be a risky investment for most, the company finally has a viable product with growing demand and a partner with the experience needed to sell and manufacture the CSeries.

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