



## Is Bombardier, Inc. a Buy Ahead of Q1 Results?

### Description

**Bombardier, Inc.** ([TSX:BBD.B](#)) is set to release its first-quarter results on May 3, 2018. Bombardier stock rose 1.89% on April 17, and shares have climbed 24.4% in 2018 so far.

Bombardier recently provided details on the improvements made for its Global 7000 plane. The company announced that it had extended the range to 7,700 nautical miles, representing a 300-mile jump from the Gulfstream G650. Bombardier expects that increased demand for more range and luxury will boost sales to \$3.5 billion in its private jets by 2020.

In response to [trade tensions](#), there was chatter that Bombardier could gain from the ongoing spat between the United States and China. China announced that it had plans to place a 25% tariff on U.S. aircraft with an “empty weight” between 15,000 and 45,000 kilograms. This could take direct aim at Gulfstream’s jets, which would potentially give Bombardier room to edge out the company in China.

However, this week aviation executives meeting in China poured cold water on this interpretation. “You may have other parameters that lead to a sale,” said Carlos Brana Dassault Aviation. “Price is one of them, but not the only one.”

Bombardier, Gulfstream, and **Textron Inc.** are the top three manufacturers in the region in that order, holding a 70% share of the total fleet in the Asia Pacific region. Khader Mattar, the vice president of sales at Bombardier, said that tariffs had not impacted business sentiment thus far. China and the U.S. have expressed a desire to ease trade tensions, and chief economic advisor to President Donald Trump has said that any significant action is “months” away at the very least.

Bombardier released its 2017 fourth-quarter and full-year results on February 15. Consolidated full-year EBIT climbed 57% year over year to \$672 million, and full-year cash flow usage beat the original guidance by over \$200 million. Margin guidance was also exceeded in each of Bombardier’s business segments, as the company is nearing the midpoint of its turnaround plan. The fourth quarter saw the strongest order intake compared to the other three quarters of 2017 as well as the fourth quarters of 2015 and 2016.

This year will be crucial for Bombardier, as it will bring the Global 700 into service and move into what

is expected by leadership to be a strong growth cycle. Bombardier is also set to close its [deal](#) with European multinational Airbus SE. The company has battled delays and disappointments during this investment cycle, but it is entering 2018 on a very strong note.

### Should you buy Bombardier today?

Bombardier has built up a good deal of momentum in the first few months of 2018. Of course, the company will need to keep on top of delivery schedules, which have frustrated investors in the past. The stock has now climbed 61.8% year over year, but shares have been static since early March. There is a lot to like about Bombardier right now, and the stock is a buy for me ahead of its first-quarter earnings release.

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### Date

2025/08/27

### Date Created

2018/04/18

### Author

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