



Bombardier, Inc.: Time to Buy This Stock?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) has gone through some turbulent times in recent years, but the company is arguably on the mend, and investors are wondering if this is the right time to add the stock to their [portfolios](#).

Let's take a look at the train and plane maker to see if it deserves to be on your [buy](#) list.

CSeries saga

Bombardier's problems can be traced back to the day the company decided to go ahead with its CSeries program. The company began marketing the planes in 2005 and then announced in late 2006 that market conditions couldn't justify going ahead.

In 2007, the program came back to life again, and the first sales were announced in 2008, with the original delivery date for the planes set for 2013. Unfortunately, development delays and cost overruns plagued the program and forced the company to seek financial help from Quebec and the province's pension plan in late 2015. Quebec supplied US\$1 billion for a stake in the CSeries program, and the pension fund provided US\$1.5 billion for an ownership position in Bombardier Transport, which is the division that makes the trains.

Things went from bad to worse, and Bombardier appeared on the brink in early 2016 as investors bailed out, sending the stock below \$1 per share.

At that point, **Air Canada** stepped in with a major CSeries order, followed by a large purchase from **Delta Air Lines**. Finally, in June 2016, Bombardier delivered the first CSeries.

Pundits thought the company was finally off to the races, but controversy surrounded the big deal with Delta, which was apparently done at unreasonable prices. The industry cried foul, claiming the Quebec bailout essentially served as a subsidy to get the Delta deal done.

In 2017, the U.S. Department of Commerce imposed tariffs of 292% on the CSeries planes sold to Delta, putting the future of the deal and the program in jeopardy.

Bombardier then announced a partnership with Airbus, where the European company would take a 50.1% stake in the CSeries business and manufacture the Delta planes at its facilities in the United States.

This apparently sorted out the dumping debate for the Delta deal, and in early 2018 the tariffs were cancelled.

And the stock price?

Bombardier currently trades at \$4.20 per share, close to its highest point in the past four years.

Should you buy?

The Airbus partnership opens doors for the CSeries program and likely ensures the future success of the planes. Bombardier still faces challenges on the train side of the business and debt remains high, but the survival of the company is no longer in question.

At this point, however, the easy money has probably already been made, and while Bombardier could grind higher on news of additional CSeries deals, I would probably look for other opportunities today.

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