



## Bombardier, Inc. Is Up Over 100% From Last Year: Is it Still a Buy?

### Description

**Bombardier, Inc.** ([TSX:BBD.B](#)) stock was down 0.70% in early afternoon trading on May 17. The Montreal-based manufacturer of transportation solutions has seen its stock surge over 100% year over year. Shares are up over 40% in 2018 so far.

With Bombardier pulling off a stunning rally last year, is the stock still worth a buy in the middle of May?

### Strong Q1 results

Bombardier released its [first-quarter results](#) on May 3. Revenues climbed 12% from Q1 2017 to \$4 billion and consolidated EBITDA hit \$265 million. The company reported free cash flow usage of \$721 million, which was in line with projections and the full year break-even target.

Bombardier announced the sale of its Downsview assembly site for \$635 million, which will bring it closer to its financial targets laid out in its five-year plan. The deal is expected to close in the second quarter of this year. Bombardier announced that it would increase liquidity by \$550 million. Its partnership with European multinational **Airbus SE** is also expected to close before the end of the second quarter.

The company's transportation order backlog grew to \$35.7 billion and business aircraft climbed to \$14.3 billion in the first quarter. Commercial Aircraft signed purchase agreements with Ethiopian Airlines for up to 15 Q400 aircraft and also with **American Airlines Group Inc.** ([NASDAQ:AAL](#)), for up to 30 CRJ900 aircraft. The company's EBIT margin rose by 80 basis points, reaching 5% for the first time since the turnaround plan was initialized.

Bombardier plans to ramp up major rail projects in 2018 and the Global 7000 business aircraft is preparing for certification and entry into service later this year. In April, Bombardier revealed that the Global 7000 boasts a range of 7,700 nautical miles, making it the largest and longest-range business jet ever built.

Trade tensions between the United States and China have not abated in May, which may also provide Bombardier with an opportunity to [cut ahead of competition](#) like Gulfstream Aerospace Corporation and **Boeing Co.**

However, Bombardier could also take a hit from the Iranian deal, which was scuttled by U.S. President Donald Trump on May 8. The airline had not made any concrete deals as of yet, but was in talks with some Iranian companies. Reports suggested that Qeshm Air was considering the purchase of 10 Bombardier aircraft.

The current wave of optimism for Bombardier has been well earned so far, but the company still has to overcome big challenges in 2018 and beyond. The company has received a vote of confidence from institutional investors after a public firestorm was ignited by its 2016 decision to boost executive pay. The stock has returned to 2014 pricing levels and has been riding nice momentum since the announcement of its deal with Airbus.

Even after its big year-over-year rally, Bombardier remains an attractive target as it looks to roll out its Global 7000 aircraft this year.

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## Date

2025/07/19

## Date Created

2018/05/19

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