



3 Reasons Bombardier, Inc. (TSX:BBD.B) Is an Appealing Buy

Description

There are few companies in the market today with such a storied and highly publicized past as **Bombardier, Inc.** ([TSX:BBD.B](#)). Bombardier's struggles to bring the iconic and much-touted CSeries jet to market is something more akin to a Hollywood drama than a manufacturer of planes and trains.

That being said, there's now an air of optimism around Bombardier, and potential investors should take into consideration some of the reasons that this one risky stock could now be a growth gem.

Here are three reasons on-the-fence investors should take a second glance at what Bombardier can offer.

Bombardier's rail segment has shiny new deals signed and more planned

With the focus being squarely set on the CSeries and Bombardier's aerospace division, investors often fail to recall that Bombardier has a sizable rail transportation segment, too.

Earlier this week, Bombardier announced that it was part of a winning group of companies that will be awarded a nearly \$5 billion contract to build a transit system to ferry passengers around the airport. Bombardier's involvement amounts to 10% of the venture and a \$219 million order that includes 44 of Bombardier's INNOVIA automated vehicle systems.

Once operational, Bombardier will maintain a 55% share and provide operational and maintenance over the system.

Closer to home, Bombardier's well-known and much-publicized delays in providing Toronto with its next streetcar have been mentioned on several occasions. What most people may not realize, however, is that a subsequent order above the 204 streetcars already contracted to Bombardier to build is in play, and Bombardier is one of several companies still in the running for what could be a very lucrative transit order.

The order could be for as many of 60 additional streetcars, with a value near \$360 million.

As for Bombardier's current order with Toronto, as of last month, 80 streetcars had been delivered on a schedule that called for 148 to be delivered by the start of the year. A revised schedule calls for deliveries to hit 121 this year and the remaining vehicles to bring the total to 204 by next year.

The CSeries is flying high — potentially with a new name

With European giant Airbus set to take the reins on the CSeries project from Bombardier, Airbus is rumoured to be prepping a new name — [the A200](#). The name places the jet firmly within the Airbus family naming convention, which will likely alleviate much of the uncertainty around the new jet from a manufacturer that was predominately known for designing smaller business and leisure jets.

With Airbus at the helm, Bombardier's share in the CSeries will dwindle to just a third, with Airbus's ownership set to 50.01%. The remaining 16.24% is the share allocated to the Quebec government for its \$1 billion investment in the program back in 2015.

Overall, the underserved segment that the CSeries operates is slated to attract upwards of 6,000 orders across the market over the next two decades. To meet that demand, Bombardier needed the financial and logistical muscle that only Airbus could provide.

The CSeries is already garnering increased interest. Last month, Bombardier announced a [30-aircraft deal](#) with Air Baltic for the larger CS300 variant, with options for an additional 30 aircraft. Collectively, the deal could be priced to be well over \$3 billion.

The new Global series aircraft are ready

Bombardier's Global jet line has been undergoing extensive development over the past few years. The new 5500 and 6500 models of Global business jets boast greatly increased fuel efficiency, upgraded engines, and stylish new seating options that appeal to that market.

Bombardier's new 7500 Global aircraft, which boasts the longest in size and range across the business jet segment, able to fly 19 passengers to a distance of over 14,000 kilometres, could handily do routes such as New York to Hong Kong or Singapore to San Francisco non-stop.

The 7500 is on schedule for both certification and delivery later this year.

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Date

2025/09/17

Date Created

2018/06/13

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