



Bombardier, Inc. (TSX:BBD.B) Stock Has Soared 68% This Year: Is it a Good Buy?

Description

Bombardier, Inc. ([TSX:BBD.B](#)) has quietly been producing some significant results in 2018. Year to date, the stock is up around 70%, and in the past 12 months its share price has more than doubled. There's a lot of bullishness surrounding the stock lately that may have investors wondering if it's a good stock to own.

Has the company turned things around?

Bombardier's stock has struggled to turn a profit, but in its most recent quarter, it provided some reasons for optimism. For one, sales were up 13% from the prior year, and the company was able to turn a profit of US\$38 million. Although a shade under 1% of sales, the earnings are a good sign for a company that, over the past four quarters, accumulated losses totaling more than US\$500 million.

CSeries business has been picking up

Since announcing that it was effectively giving away its CSeries jets over to Airbus [for effectively nothing](#), Bombardier stock has been doing better, despite giving up a significant piece of their business. We have seen orders come in for the jets since the deal was announced, and it looks like the business has been booming of late.

With Airbus now playing a big role in the business, it could offer the reliability and stability that Bombardier needs to grow its sales. In the end, half of a strong and growing business is likely to be better than 100% of a struggling one.

Last month, Bombardier announced it had a deal in place to sell 30 CSeries jets to Air Baltic as well as purchase rights for an additional 30. The deal is likely worth around US\$2.9 billion. Late last year, Bombardier also inked a deal worth US\$1.1 billion with EgyptAir for 12 jets and purchase rights for another 12.

Most recently, however, the company even received an order for a different aircraft altogether — the CRJ900. **Delta Air Lines, Inc.** put in an order for 20 of the regional jets, which could add nearly US\$1

billion in sales for Bombardier.

Why sales might not be enough

While it's definitely encouraging to see that Bombardier has been doing so well recently with some big orders in place, the company still has to [prove itself](#). Bombardier has had problems with being on time and for its quality in the past, and to truly show that it has turned the business around, it will have to prove that these issues no longer plague its operations.

With an experienced company like Airbus involved, hopefully we'll see these issues go away, but until then, investors will likely still have doubts about the company.

Why I still wouldn't buy Bombardier

Despite the bullishness surrounding the stock lately, there are just too many reasons for investors to avoid the stock. With negative equity and the last profitable year being 2013, there are some serious warning signs that investors shouldn't ignore.

While it's easy to get caught up in the excitement of orders being placed for its jets, profitability shouldn't be ignored, and that's something Bombardier needs to be able to do consistently.

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