Bombardier Stock (TSX:BBD.B) Is Discounted by 50%

Description

Bombardier, Inc. (TSX:BBD.B) continues to attract new business while its share price falls. That in itself should intrigue both value and growth investors alike. But read on, because it gets better.

Currently trading at a 50% discount while still landing big contracts, such as last week's announced 20-year rail-system maintenance deal with an undisclosed Asian client, Bombardier is an extremely attractive stock right now. Here's why.

Business is booming for Bombardier

Bombardier should be regarded first and foremost as a leader in rail and aerospace technology, rather than as a ticker to be eyed with undue suspicion. Commonly known to new investors as an aerospace stock, Bombardier's most lucrative operations are arguably in rail transportation — an area which is seeing a glut of new contracts coming in.

As a company, Bombardier is sturdy, offering geographical diversification through its broad production and engineering base split over 28 countries. Never mind inscrutable multiples or the lack of a dividend; Bombardier is doing big deals with high-profile players, and it's set to really take off as a top Canadian stock in years to come.

Why buy Bombardier? Because it's a bargain!

As a stock, Bombardier has more going for it than some commentators may give it credit. It's extremely good value, so if you're a fan of cheap stocks, then value investors should grab a bunch of them immediately. Stick them straight into the aerospace or transport sections of your investment portfolio and forget about them — not in the way that dividend investors do, but more in the style of a kid hoarding presents behind the Christmas tree.

It's also a humdinger of a growth stock. With a projected 46.2% annual growth in earnings further down the runway, Bombardier is every growth investor's dream. Only a few weeks ago, that growth forecast was 44.7%, so expect to see even more upside pile on in coming months and years.

All of the above explains why credit-rating agency **DBRS Ltd.** recently upgraded Bombardier's status from stable to positive, and why 10 of the *Globe and Mail's* consulted stock market analysts are giving a solid moderate to strong buy signal.

Up 1.17% at the time of writing, value investors should take note of Bombardier's current 50% discount and buy at the still-low price of $5.18 a share. Long term, Bombardier is likely to soar in price, as it completes current projects and continues to attract new ones, so the value opportunity won't last long.

So, forget the beleaguered CSeries debacle, and never mind the TTC streetcar recall. Bombardier has enough good will in the bank (and new contracts on its balance sheet) to keep steaming along for years to come. Remember its recent deal with **Delta Air Lines Inc.**? This order for 20 CRJ900 model Canadair regional jets will give a huge boost to Bombardier's balance sheet. With deals like this continuing to come in, Bombardier — and, likewise, its investors — has little to worry about.

The bottom line

Bombardier is a reasonable growth stock with a recovering balance sheet. Its real worth is its position in the aerospace and transportation sectors. Honestly, it's a good time to buy stock in Bombardier right now — recent bad press is creating a value opportunity that investors in infrastructure shouldn't pass up.

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