



## Is Bombardier, Inc. (TSX:BBD.B) Stock a Buy Ahead of Q2 Results?

### Description

**Bombardier, Inc.** ([TSX:BBD.B](#)) stock had plunged 9.4% week-over-week as of close on July 18. July has been a mixed bag for Bombardier stock. Shares surged to a five-year high of \$5.58 last week, but have since retreated below the \$5 mark. There has also been some positive news ahead of its second-quarter earnings release, expected in August.

Back in [April I'd asked](#) whether investors should buy Bombardier ahead of its Q1 results. In that article I'd recommended that investors buy Bombardier before the earnings release. Shares of Bombardier have surged 23% since its first-quarter earnings were posted on May 3.

Bombardier realized even more progress on its turnaround trajectory with the release of its first-quarter results. Revenues rose 12% year-over-year to \$4 billion and the company reported free cash flow usage of \$721 million, which was in line with its full-year target. Investors also got the sense that the best was yet to come. Bombardier announced that its Global 7000 Series had now established itself as the largest and longest business jet ever built; it is set to debut this year. Backlog growth reached \$14.3 billion.

Last year Bombardier managed to sidestep a bitter battle with **Boeing Co.** by [striking a deal](#) with European multinational Airbus SE. The deal was controversial given the domestic spending that had gone into keeping Bombardier afloat. The company agreed to sell a majority stake in its C Series passenger jet to the European giant. Bombardier leadership was confident that the partnership would be an overwhelming positive going forward.

On July 17 Airbus announced another order for the jet, which has been renamed the A220. Bombardier still possesses a 34% stake in the jet, while the Province of Quebec maintains a 16% stake. **JetBlue Airways Corporation** has committed to ordering 60 A220s, which will add up to a \$5.4 billion deal. Airbus will take full control of the A220 in seven years. Some critics have also pointed out the growing domination from both Boeing and Airbus that is squeezing out smaller companies.

Does the mid-July pullback in Bombardier stock represent an opportunity for investors to buy low?

Bombardier forecast that it would break even on a cash flow basis in 2018 in the first quarter. This also

came with the announcement that it would sell its Downsview property for \$635 million in cash. Bombardier is confident in its growth prospects going forward as demand for business jets globally is rising. It is also optimistic about demands for its trains, although it has struggled to meet deadlines in this area.

Bombardier stock comes in at a nice price ahead of its second-quarter report. It has run through a successful turnaround thus far and now anticipates the debut of its Global 7000 Series business jet. The stock is worth a buy before the August earnings hit.

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