

Why it's Time to Buy Bombardier, Inc. (TSX:BBD.B)

Description

When a [turnaround stock](#) manages to overcome whatever was driving the company down, it's an incredible sigh of relief to investors. One company that comes to mind when I think about a turnaround stock that had everything pushing it down is **Bombardier** ([TSX:BBD.B](#)).

Just a few short years ago, Bombardier's iconic CSeries jet was subject to cost overruns, delays in getting certified, a lack of interest by airlines, and then an unjust challenge from a larger peer. Thankfully, those challenges have all passed, and the CSeries, which is now in the A200 family from Airbus, is drawing interest from multiple airlines.

But does this make Bombardier a good investment option?

There's more to Bombardier than the CSeries

While most investors have focused on the CSeries over the past two years, there are other areas of Bombardier's business that have garnered interest. As recently as last month, Bombardier secured a lucrative US\$607 million contract to provide 396 Movia metro passenger trains in Singapore, with an additional long-term maintenance option that could drive the contract price up to over US\$880 million.

The deal will bring the total number of Movia vehicles in Singapore to 672 that will serve a 102 km route with an average daily ridership of 1.8 million.

Bombardier also secured an order for 36 Francilien trans last month that are slated to serve the commuter needs of the Greater Paris region in France. That deal is valued at US\$303 million.

Turning to the skies, Bombardier announced the new Global 5500 and Global 6500 private business jets this past spring, and new flagship models, dubbed the Global 7500 and Global 8000, are set to enter service next year. Bombardier notes that the Global 8000 can fly 17 passengers at a speed of Mach 0.925 (982 kph) for 14,631, which makes the jet the longest-range business jet on the market — a feat that Bombardier says will allow for routes that are currently unsupported by business jets today, such as from New York to Cape Town or Los Angeles to Sydney nonstop.

Positive results, positive outlook

Earlier this summer, Bombardier announced results for the second fiscal quarter of 2018, which the company labeled as "Our best quarter since launching our turnaround plan."

In that quarter, Bombardier realized revenues of \$4.3 billion, representing a solid 3% increase over the same quarter last year, and it managed to post adjusted earnings of \$0.03 per share in the quarter. Cash flow was negative for the quarter, coming in at \$370 million prior to the sale of the Downsview property for approximately \$600 million.

EBITDA for the quarter came in at \$336 million, representing an increase over the \$313 million

reported in the same period last year.

In terms of guidance for the remainder of the fiscal year, Bombardier appears to be on track, with year-to-date revenue and EBITDA figures of \$8.3 billion and \$601 million, respectively, that are well on their stated guidance ranges of \$16.5-17 billion for revenue and \$1.25-1.35 billion for EBITDA.

Should you invest?

If there's one thing that Bombardier and its faithful investors have shown over the past few years, it's grit. In the face of immense challenges, Bombardier always managed to find a solution to problems that, in all honesty, would have caused other companies to succumb. That's something I look for in a company, and one reason I think that Bombardier may be an [intriguing investment option](#).

There's also the stream of new business deals coming in, as well as the incredibly popular new Global series jets that have, so far, garnered rave reviews.

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