



Should You Buy, Sell, or Hold Bombardier, Inc. (TSX:BBD.B)?

Description

Following a new 52-week high set earlier this year, shares of **Bombardier** ([TSX:BBD.B](#)) have steadily retreated somewhat, but remain at multi-year highs, which has prompted some investors to weigh in on whether now is the [perfect time to buy, sell, or hold](#) the stock.

To answer that question, let's first look at how Bombardier is doing and why the stock appears to be drifting down.

What's new at Bombardier?

Over the past few years, Bombardier's ongoing CSeries saga had the makings of a perfect novella — a perfect David-vs.-Goliath story of the small plane and train manufacturer from Canada taking on the duopoly of behemoths on either side of the Atlantic. There were delays, budget overruns, a disappointing number of orders, trade spats with peers, and then the eventual offloading of the program to Airbus.

Since the announcement earlier this summer, and the CSeries re-branding as the Airbus A220, orders for the aircraft have picked up, already surpassing the number of orders received in all of 2017. Still, the market is notably quiet in comparison to the hype most were expecting.

Then there's the revamped Global line of business jets, which are likely to receive certification within the next month. Industry experts are already expecting greater demand for the updated aircraft. The Global 7500 can fly up to 19 passengers and crew over 7,770 nautical miles (nm), and the larger Global 8000 model that is under development will have a range of 7,900 nm, allowing for longer non-stop routes that require a stop currently, such as flying from New York to Hong Kong or Dubai to Los Angeles.

Bombardier's rail division is still hurting

Bombardier's rail division has had more than its fair share of issues over the past years. Last year, Metrolinx, the regional transit agency around the GTA, noted it was slashing more than half of the LRT vehicles that Bombardier was to provide through its \$770 million order. Instead, a French manufacturer

was selected to pick up the slack and deliver trains to Metrolinx.

Bombardier also had an agreement in place with Toronto's TTC to replace its aging fleet of streetcars. That project was also months behind schedule, and earlier this summer the TTC noted that most of the new streetcars received from Bombardier needed to return to Bombardier for repairs. Bombardier's president of the Transportation division even appeared before a TTC board meeting to apologize.

Should you buy Bombardier?

While Bombardier's stock may have dropped from its former highs and its aviation business may be in a better position, overall the company remains a shaky investment option at best. Delays and cost overruns still plague the rail business, and that could impact eligibility on future orders.

In short, investors that bought Bombardier at the multi-year lows reached over the past years may want to consider selling their stake and contemplating any number of [better investments](#) on the market, as should investors that are not already invested.

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