Bombardier, Inc. (TSX:BBD.B): Should You Bite on the Half-Off Stock Sale?

**Description**

Surprise, surprise!

**Bombardier** (TSX:BBD.B) is in the doghouse once again, with its shares plunging violently following the release of its abysmal third-quarter results that saw weak cash flow numbers to go with an even weaker cash flow outlook. It's a one-two punch to the gut of investors who've been doing quite well prior to the company's summertime collapse.

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## What's wrong now?

In spite of the numerous loans provided by the government in the past to get Bombardier back up on its feet, the company has fallen from glory again, and this time, the government probably won't be as quick to reach for its chequebook, as the troubled company has shown time and time again that it's a black hole for cash that'll struggle to remain organically solvent over the long term without reliance on corporate welfare.

The Federal government wanted to save thousands of Canadian jobs by giving Bombardier its previous lifelines, but unfortunately, Bombardier is going through with its massive layoff, which will affect 5,000 employees. That's not going to look good on the folks who've touted "saving jobs" as their reason for funneling ample amounts of taxpayer money into the unstable and risky business that is Bombardier.

## What's Bombardier's next move?

The company is looking to sell assets to raise $900 million, as it cuts costs from other areas to unlock $250 million in recurring savings that'll help keep Bombardier's head above water. At this juncture, Bombardier is scrambling to restructure and solve the serious operational issues in the transportation segment that's been a huge burden on the company's overall cash flows.

At the time of writing, Bombardier stock is down over 50% from its peak, and there's a substantial amount of debt that's weighing down the balance sheet. Bombardier's transportation segment has exhibited low margins, and at this rate, I wouldn't be surprised to hear of Bombardier asking for more money from the government after its latest meltdown.

## Is all hope lost?

The company isn't drowning in debt yet, but the balance sheet sure does look ugly. Management expects no cash flow growth for the next year, but on the bright side, Bombardier does have a "growing backlog of orders and an improving delivery record," as Fool Demetris Afxentiou pointed out in his piece.

Moreover, CEO Alain Bellemare has shown that he's capable of making improvements to a business that looked like a sinking ship back in 2015. I think it's quite possible that Bombardier will get through its most recent round of struggles, but if the company's cash flows continue to decay, Bombardier is going to need another government handout.

## Foolish takeaway

I think risk-averse investors should stay away from the company, but if you're all right with speculating with your disposable income and aren't afraid of volatility, Bombardier looks like an interesting bet that could double on the first signs of meaningful operational improvement.

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With zero cash flow growth expected next year, I think the bar is set low, and you can be sure that the government isn't going to treat its past investments as a "sunk cost," so another government lifeline will probably be readily available if needed.

With that in mind, feel free to start buying the stock at two bucks and a quarter if you're willing to take some short-term pain for what could be tremendous long-term gain.

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