



Bombardier, Inc. (TSX:BBD.B) Has Not Gone Down Without a Fight

Description

The history is long.

Bombardier ([TSX:BBD.B](#)) has gone from a stock market darling in the late 90s to persistent and non-relenting disappointments that caused the stock to crash and burn, tumbling from highs of more than \$25 to \$2 today — a steep and shocking fall. But at least the company has survived, although it is a mere speck of what it once was.

Recent trading has seen the stock continue its [volatile run](#) and is currently trading 60% lower than its summer 2018 highs; contrarian investors might be tempted to invest in this once-favourite Canadian industrial giant.

I would argue that this would not be a good move, or at least not a good time to make this move, as some of the major tenets of investing do not hold true with this stock.

Don't lose money

The number one rule when we invest is to not lose our hard-earned money. With Bombardier, that rule has clearly not held up. We already know this.

For [contrarian](#) investors considering getting into the stock now, I ask, what kind of visibility does this company provide?

The company is using cash at a feverish pace, has introduced disappointing guidance, is seeing continued high capital investment, and is facing a seemingly never-ending struggle with lacklustre demand.

Capital spending will remain elevated over the next year or so, debt levels are still high, and management and the company still need to prove themselves.

Put the odds in your favour

Investing should be an exercise of finding the right investments that put the odds in our favour.

When we are looking at a stock like Bombardier, the one thing that becomes very obvious is that there has been no reliable source of information that we can rely on. Even more importantly, the company's history shows us that we don't have a reliable set of financials to guide us.

We are in the dark, and the odds are not in our favour.

Choppy orders, massive overspending, delays. and disappointments are what have characterized this company.

Even the bright spot is weak.

Although we can at least say that the company's transit division, which accounts for 50% of its revenue, will likely see strong growth drivers, as there is an increasing demand for mass transit solutions, even this division has its problems.

Bombardier is a leader in this area, but this is not a slam dunk, as Bombardier must do its part to secure this growth opportunity.

Supply-chain issues and manufacturing problems have been blamed for missed deadlines with its Canadian transit projects, and the company has not inspired confidence in its ability to handle transportation projects in general.

Bombardier has some big hurdles to overcome.

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