



Bombardier (TSX:BBD.B) May Finally Have Found its Niche

Description

Bombardier ([TSX:BBD.B](#)) has once again become one of the most talked-about aircraft manufacturers in the business, and for once the company is being discussed in a positive light rather than a negative one.

The much-hyped Global 7500 — Bombardier's newest flagship business jet — is making its rounds across the world, attracting the attention of would-be luxury buyers at a hastened pace.

The Global 7500 recently made the trip from New York to Los Angeles in under four hours; for those who are unaware of the time it takes to travel between those two cities, the 7500's time was under 90 minutes quicker than what a commercial airliner typically takes to make that same journey. That's one more record to add to the 7500's growing collection, which already includes being the largest business jet in operation as well as completing the longest non-stop flight for a private plane, which was recently clocked in at over 15,000 kilometres on a flight from Singapore to Tuscon, Arizona, landing with over an hour of fuel left in the tank.

Apart from the range and speed of the 7500, the jet also features a four-zone cabin that can contain a bedroom as well as a dining room, which is cause for intrigue among those interested in purchasing the 7500.

What does this mean for investors?

When Bombardier reduced its portfolio by jettisoning the Q400 program to focus on the business jet market, the potential of the 7500 is clearly what the company had in mind, and with a strong order book backlog and a string of new orders coming in for the aircraft, the 7500 could be the exact thing that Bombardier needed and hoped for in the aircraft formerly known as the CSeries.

In terms of results, Bombardier's fourth-quarter and full-year results for fiscal 2018 were announced back in February and highlighted a very positive outlook for the train and plane manufacturer. Specifically, improve cash flows and solid margin growth was key to Bombardier reporting a 3% year-over-year growth in revenue to \$16.2 billion, while generating \$1 billion in free cash flow during the

most recent quarter, which brought the year-end total to \$182 million. Worth noting is that a significant portion of that amount stemmed from the \$750 million sale of the Downsview property.

Looking forward to the future, Bombardier is eyeing sales of \$18 billion during fiscal 2019, with the Global 7500, which is sold out through 2021, despite an increasing amount of interest, and new orders (including a firm order of four jets) announced just this week by Hong Kong-based HK Bellawings Jet Limited.

Should you buy?

Bombardier is an interesting option to consider but one that is still rife with risk. In jettisoning older programs and facilities that are no longer as profitable as they once were, Bombardier is able to firm up its balance sheet as well as provide a renewed focus on the future, which appears to be centred on the Global 7500 and the business jet family.

That being said, the other side of Bombardier — the rail division — is in dire need of that same cleanup as production delays and maintenance issues have plagued the company for the past few years and are beginning to have a real impact on Bombardier's ability to bid on and win new contracts.

In my opinion, Bombardier is far too risky to invest in at the moment for most investors, but that sentiment could change once the company begins to establish a track record of on-time deliveries. There are, after all, several very compelling stocks on the market at the moment that have completed equally difficult turnarounds and are now [very profitable investments](#).

Fortunately for would-be Bombardier investors, there are plenty of other [growth-focused](#) investments in the market to consider at the moment.

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