



## Could Bombardier (TSX:BBD.B) Put You on the Fast Track to Quick Riches?

### Description

**Bombardier** ([TSX:BBD.B](#)) is the stock that Canadians love to trade.

Indeed, the swings have been wild and many short-term thinkers have made a quick buck if they jumped in and out at the right moments. In this piece, I'm going to look at Bombardier through the lens of a long-term investor to see if there's substantial wealth to be made for those willing to hang onto the choppy name for years at a time.

Fool contributor Amy Legate-Wolfe recently published a piece entitled, "You could make \$100k in two years by investing now in Bombardier." While it's certainly possible to make double your money with Bombardier stock within a year or two if all goes well, betting a six-figure sum on the name with an abysmal track record, I believe, is akin to gambling in the high-roller's suite.

Even with at these depressed levels, the stock is still dangerously risky, and if you're one to get rich quickly, you might as well diversify the \$100,000 you were going to bet on Bombardier on a marijuana stock or some other speculative asset in case the government won't be there to lift the company up should it fall flat on its face again.

Bombardier does has some very encouraging catalysts ahead of it, as Legate-Wolfe pointed out.

"Bombardier expects \$8.5 billion annual revenue by 2020 — that's \$3.5 billion more than last year, almost all thanks to the Global 7500 aircraft. Investors were worried the ramp up would hurt the company, but the business jet unit should continue to operate at margins at or above 8%." said Legate-Wolf.

"Another recent announcement was Eurotunnel's 2018-2026 mid-life programme, where Bombardier will renovate nine 'PAX' shuttles for the 35-minute Channel crossing. The contract is valued at about \$225 million over the next seven years, so that's a nice little drop in the bucket as well."

While bullish analysts have pinned Bombardier as a [\\$5 stock by 2020](#), I think most investors who are willing to put down \$100,000 ought to be worried about the high degree of execution risk that I believe many optimists are overlooking.

You have to remember that Bombardier has a notorious reputation for missing deadlines and going way over budget, a trend that could very well continue in spite of the restructuring efforts to alleviate the balance sheet. So, investors would be wise to take any overly bullish commentary or analyst projections with a grain of salt and double-dose of skepticism.

Bombardier's plan to divest around half of the Aerostructures business bodes well for the firm's financial flexibility and will allow the firm to focus its attention on where it matters most: the business aircraft and transportation segments, both of which have been under considerable amounts of pressure over the past few years.

While the plan to deleverage the balance sheet is definitely encouraging, continued cash bleed and the risk of poor execution could bring Bombardier shares back below a buck. Poor execution with regard to restructuring efforts, unforeseen cost overruns, delays, and other probable negatives could quickly derail a Bombardier thesis in a hurry and cause analysts to downgrade their price targets significantly.

## Foolish takeaway on Bombardier

Although I think do think Bombardier shares are undervalued given the positive implications from the corporate restructuring, I certainly wouldn't advise putting any more than a tiny chunk of your net worth on the highly speculative name, let alone betting the farm on the name with a massive \$100k investment, as it could go bye-bye without a moment's notice.

Only bet what you're willing to lose on the name because like it or not, fellow Fool David Jagielski and I see Bombardier as a [speculation](#), not an investment due to the incredibly high degree of uncertainty involved and the stigma associated with the company thanks to its prior fumbles that were well-covered in the press.

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**Date**

2025/07/04

**Date Created**

2019/05/29

**Author**

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