



## Contrarian Investors: Should Bombardier (TSX:BBD.B) Stock Be on Your Buy List Right Now?

### Description

Contrarian investors are wondering if the negative sentiment towards **Bombardier** ([TSX:BBD.B](#)) has gone too far.

Let's take a look at the current situation for the troubled firm to see if the stock might be an interesting [contrarian](#) bet today.

### Commercial air exit

Bombardier is known as Canada's plane and train maker, but the plane division is now much smaller after a series of deals designed to help the company stay afloat.

The process of selling assets shouldn't be as surprise. Bombardier was on the brink in early 2016 when it overhauled the executive suite and shelved the [dividend](#) in an effort to stem a run on the stock that saw the share price drop below \$1 per share.

In the past three years, the recovery has been volatile, with moments of optimism quickly dashed by new evidence the company has more work to do to right the ship.

Last summer, Bombardier closed the transition of a majority interest in the CSeries jet business to Airbus. The deal came about amid threats in late 2017 by the U.S. government to put punitive tariffs on CSeries planes sold to **Delta Air Lines**. The Airbus deal sidestepped the problem as the planes destined for U.S. customers will now be built at its facilities in Alabama.

Bombardier also sold its Dash-8 business in a deal that closed in early June and recently announced the sale of its line of regional jets, CRJ. The move signals the end of Bombardier's presence in the commercial jet industry.

The only remaining airplane group is the company's portfolio of business jets.

On the rail side, Bombardier has had extensive troubles with manufacturing issues and delivery delays. Clients that should have been secure have since awarded contract to competitors. Bombardier lost out on key Canadian bids for both Via Rail and Montreal's light rail operations last year. It has also had its order book cut by Metrolinx, the agency responsible for rail transit in the GTA.

Bombardier warned earlier this year that it would miss revenue guidance by US\$1 billion. With US\$9 billion (CAD \$11.7 billion) in debt and a market capitalization of \$5.4 billion, there is little room for ongoing stumbles in the turnaround plan.

The stock trades at \$2.20 per share compared to more than \$5 last summer. Traders might be able to pick up a quick profit on a short-term bounce, but a look at the 20-year chart of the stock suggests buy-and-hold investors should probably search for other opportunities.

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