



Should You Finally Buy Bombardier Inc. (TSX:BBD.B)?

Description

Bombardier ([TSX:BBD.B](#)) remains one of the most misunderstood investments on the market. The company has endured a very public and painful turnaround, which involved jettisoning several key programs that were viewed just a few years ago as key growth drivers for the company.

But where does that leave investors today? Is Bombardier finally ready to become the growth driver that investors have craved since the early days of the CSeries program?

Let's look at some of the recent changes at the company to try to answer that question.

Exiting the commercial aircraft market

At first glance, Bombardier exiting the commercial aviation market is a little shocking. Bombardier was heavily invested into the sector, and both its Q400 and CRJ family of planes were the hallmarks of regional commuter fleets across most city-hub networks.

Unfortunately, as we look a little closer at both those aircraft families, it reveals a different story. Both the Q400 and CRJ had a declining number of orders, and their age and the lack of a true modern successor was concerning.

Bombardier now has its exit plan. After off-loading the Q400 to Longview Aviation Capital last year for US\$300 million, the company will now sell the CRJ program for US\$550 million to Mitsubishi Heavy Industries.

This will not only give Bombardier an injection of capital, but will also help the company focus on another area of the aviation business that is still seeing growth.

Focusing on business jets

Unlike the aging commercial aircraft segment, Bombardier's business jet segment is new, innovative

and to investors, full of potential. Top of mind is Bombardier's Global 7500 jet, which is the newest flagship business jet on the market, which has already garnered plenty of orders.

The 7500 is the largest business jet in its class, boasting features and range that no competitors can currently match.

In the past few weeks, the newly released 7500 has shattered records and expectations, including setting a new distance record by completing a staggering 8,152 nautical miles between Singapore and Tucson, Arizona.

The 16-hour flight also set a record for the highest speed attained over the longest distance traveled by a business jet.

The Global 7500 also set time and speed records for routes between L.A and New York, as well as traversing the Atlantic to complete the lucrative New York to London business route in a record-breaking time of five hours and 26 minutes, maintaining a speed of Mach 0.92.

The impressive new jet has a growing book of orders from customers worldwide, and with a starting price of upwards of US\$70 million, the Global is set to provide Bombardier with years of growth.

Final thoughts

There's no denying the fact that the Global line is key to Bombardier's long-term growth plans. That said, Bombardier's most recent results depict a different picture of the company.

Revenues in the most recent quarter came in at \$3,516 million, reflecting a 13% drop over the same period last year. Adjusted net income for the quarter was a \$122 million loss, far below the \$35 million in net income reported in the same period last year.

In other words, Bombardier is a work in progress. The company may be on the mend and have a decade of growth behind its Global 7500 jet, but at this juncture, the stock is just far too risky for most investors.

Instead, investors seeking a [growth-first investment](#) should consider any number of other investments on the market, many of which offer a [handsome dividend](#) as well.

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