



1 TSX Stock to Buy Quickly in 2021

Description

Bombardier ([TSX:BBD.B](#)) manufactures and sells [transportation equipment](#) worldwide. The company produces business aircraft, commercial aircraft, aero structures, and provides engineering and transportation services. Bombardier was incorporated in 1942 and is headquartered in Montreal, Canada.

Bombardier's operations are structured into four segments. The business aircraft segment designs, manufactures, and markets business jets, as well as provides aftermarket support services. The commercial aircraft segment designs and manufactures a portfolio of commercial aircraft in the 50 to 100 seat categories and provides aftermarket services. The aero structures and engineering services segment designs aircraft structural components. The transportation segment offers a range of products and services in the rail industry, including trains and subsystems.

The company has a price-to-sales ratio of just 0.08 and market capitalization of \$1.53 billion. Debt is very high at Bombardier, as evidenced by a total debt value of \$10.6 billion. The company is loss making and has an operating margin of (0.31)%.

Aviation and transportation are the [largest business divisions](#) of Bombardier. Each division offers different products and services and mostly requires different technology and marketing strategies. Aviation designs, develops, manufactures, markets and provides aftermarket support for regional jets and three other families of Bombardier business jets.

In 2019, Bombardier entered a partnership with MHI and transferred the risk of maintenance, support, refurbishment, marketing, and sales activities for the CRJ series aircraft to MHI. This was an important transaction to reduce the company's risk and exposure to a low-margin business. The deal was structured so Bombardier could continue to supply components, spare parts and services related to the assemble of the CRJ aircraft.

Bombardier's aviation division is involved in the designing, developing and manufacturing of complex metallic and advanced composite aircraft structural components for original equipment manufacturers. Recently, Bombardier has been working on reducing debt by reducing the company's involvement in

aero structures activities and aftermarket services operations.

Bombardier made the strategic decision to focus on business aviation and improve the company's liquidity. The company is expected to execute multiple transactions in 2021 which will reduce debt. Recent transactions have also released Bombardier from future funding obligations, which helps improve liquidity. Management has been prudently cancelling Bombardier warrants to mitigate risk.

Bombardier's total revenues were \$3.5 billion during the quarter and the company's operations are recovering from disruptions related to the COVID-19 pandemic. Revenues from business aircraft activities, reached \$1.2 billion on 24 deliveries, growing 10% year over year. Growth was driven by accelerating aircraft deliveries and offset by lower services revenues due to lower flying activity. Aviation's total revenues declined due to the disposal of commercial aviation activities earlier this year.

Bombardier has exited businesses where margins are low and fixed costs are high. The company's focus on business aviation is expected to serve long-term shareholders well. Bombardier is well positioned in the transportation industry to offer a wide-ranging portfolio of innovative and efficient solutions to the rail industry. The company's service offering will cover the full spectrum of rail solutions, ranging from global mobility solutions to a variety of trains and sub-systems, services, system integration, and signalling.

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