



## Is Bombardier Stock a Buy at These Levels?

### Description

With the aviation industry hit badly by the pandemic, **Bombardier** ([TSX:BBD.B](#)) investors have also felt the pain. Indeed, this business jet manufacturer has been forced to rethink its strategy yet again. A series of cost-cutting measures and strategic shifts have resulted in a roadmap investors are unsure of now.

On the one hand, many bears on Bombardier note that these restructuring plans have continued to materialize over time. This is a company that seems to be permanently restructuring. Indeed, this past decade has seen a dramatic shift in the company's overall focus across various business lines to be concentrated on its core business jet segment currently.

Bulls seem to believe this stock has been beaten down way too far relative to its potential. With the pandemic nearing its end and a surge of pent-up demand likely to drive spending sky-high, Bombardier could be [well positioned](#) to ride this wave higher.

Let's dive into whether Bombardier is a buy at around \$1 per share.

### Divided opinions likely to remain in place

I think Bombardier is a very polarizing stock. Indeed, years of mismanagement have led to this shell of a former Canadian growth story. It's easy to beat on Bombardier as a toxic stock that long-term investors should simply avoid.

However, at roughly \$1 per share, Bombardier stock certainly looks cheap relative to other aerospace options today. It's cheap for a reason, but it's cheap. And that fact just might be enough to entice some retail buying should meme stock investors focus more of their due diligence on smaller-cap options like Bombardier.

This is still a company that's valued at approximately \$2.5 billion at the time of writing. It's not a small outfit by any stretch of the imagination.

However, the company's profitability track record over the past decade hasn't been great. Bombardier is a company that continues to burn cash in good times and in bad. Whether that's shareholder money or taxpayer money is a whole other story.

Let's take a look at what the analysts think about Bombardier.

## Analysts appear to be bears on Bombardier stock right now

It appears analysts on the Street seem to agree. The average analyst price target for Bombardier sits at US\$0.60 per share. To put that in context, Bombardier's OTC shares in the U.S. trade for US\$0.85 per share.

That's some significant downside analysts expect on the horizon for Bombardier.

A relatively weak balance sheet and poor fundamentals appear to be driving these price targets. Despite various operational improvements and cost-cutting strategies, Bombardier appears to be a stock on the outs with investors and analysts right now. Given how important momentum is in today's market, this isn't a good thing for investors.

## Bottom Line

Bombardier's valuation is certainly compelling at these levels. Currently, the company trades at low valuation multiple relative to its peers. Yes, earnings have been bad, but we're talking about an aviation stock here.

That said, there's a tonne of hair on this stock. Bombardier isn't a company without high levels of risk. For those with room for a speculative name in one's portfolio, perhaps Bombardier could find a home. However, it's hard to see the long-term value in this company that has destroyed shareholder value for so long.

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