Air Canada (TSX:AC) Stock or Bombardier (TSX:BBD.B) Stock: Which Should Investors Buy?

Description

Air Canada (TSX:AC) and **Bombardier** (TSX:BBD.B) are two of the top stocks Motley Fool investors watch on the **TSX** today. Both are in the airline industry, yet both have had completely different performances over the last few years. While Air Canada stock soared higher, then crashed and has yet to recover, Bombardier stock has *tripled* in the last year.

default watermark

So, what should Motley Fool investors do with this information? Should you buy both Air Canada stock and Bombardier stock? Is one better than the other? Or are both too hot to touch right now?

Air Canada stock

Let's first cover Air Canada stock. The company is getting incredibly serious about getting planes back in the air, yet shares have remained around $25 per share for about a year! And, of course, it all comes down to the COVID-19 pandemic. Until consumers are sure that the company can produce not just strong revenue, but *stable* strong revenue, it's unlikely the company will see shares move all that much.

And that means, despite a holiday rush on the way, it's unlikely shares will simply double overnight. Even with available seats increasing and mandatory employee vaccinations, it's all still under the cloud of COVID for Air Canada stock.

Does that mean you shouldn't invest? Not necessarily. Air Canada stock is a great deal when you look to the future. Airplanes will be back in the air on a stable, regular basis in the near future. The pandemic means it will be safer to travel, but also that the company has learned to cut major costs. So, if you're willing to wait it out, Air Canada stock could be a great investment on the TSX today.

Bombardier stock

Now, Bombardier stock has a major advantage over Air Canada stock. That's because the company has been there and done that already. Not the pandemic, of course. But it was forced to make major cuts and received government bailouts to keep it afloat. It even came off the TSX, because it traded under $1 per share. But that's the not the case anymore.

Bombardier stock is now back on top. Well, almost. It's made major changes, putting its focus on its stable, revenue-producing jet program. And that move seems to be working. The company is coming off a solid quarter, with business jet revenue climbing 50% year over year to $1.5 billion. It also increased its fiscal year 2021 guidance, expecting to reach about 120 aircraft unit deliveries and exceeding $5.8 billion! It also expects profitability to be above $175 million and adjusted EBITDA to be above $575 million. That's five times higher than the original $100 million!

Yet the stock is just $1.95 per share as of writing, even though it's increased 304% year to date. It continues to trade at a P/E ratio of just 0.77! And an EPS of $2.51 makes it valuable and able to support share growth. The only thing is that Bombardier stock may level off until the next earnings report. Investors likely want to see further proof it can climb in revenue. So, it might be a while before you see your shares double again; meanwhile, it's not likely to start going backwards.

Foolish takeaway

If you're looking for a deal among stocks on the TSX today, I would consider Air Canada stock for long-term Motley Fool investors. It's bound to rebound in the future, but you'll just have to be patient. But that being said, taking a small stake in Bombardier stock for some major growth isn't a bad idea either. Depending on your risk tolerance and how quickly you need the cash, these two are great choices for your portfolio.

default watermark

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:BBD.B (Bombardier)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Coronavirus
2. Investing

Date
2025/08/25
Date Created
2021/09/08
Author
alegatewolfe

default watermark

default watermark