



Why Bombardier Stock Could Be a Great High-Risk, High-Reward Bet

Description

One stock that has been an absolute (surprise) winner this year is **Bombardier** ([TSX:BBD.B](#)). Indeed, Bombardier stock has been a [four-bagger](#) for investors who have held this stock since the beginning of the year.

Indeed, such a purchase would have been a scary one. A rather significant share price implosion as a result of a number of factors, including the pandemic, scared many investors off.

However, those bullish on an economic recovery seem to like the potential [growth](#) leverage Bombardier stock provides.

Let's dive into why Bombardier may be poised for a continued run from here.

Better days ahead for Bombardier stock

There are certainly reasons for the recent bullish sentiment around Bombardier stock. After all, sometimes stocks can simply get beaten up too badly and are too cheap to ignore.

Such appears to be the case with Bombardier. Investors seem to like turnaround stories right now. With the economy improving, and air travel resuming, aerospace-related play Bombardier could see a significant demand boost juice the company's numbers.

Bombardier's CEO has been quick to reassure investors on this front. The company's management team is focused on sorting its backlog and receiving new orders. With pent-up demand expected to materialize, Bombardier is hoping to see its top and bottom lines improve in the coming quarters.

Accordingly, Bombardier's management team has a plan to break even in the next few years. This plan is driven by cost reductions among its fleet, as the company brings back manufacturing capacity and drives up production volume. Thus far, investors seem impressed with the efforts the company has made.

The company hopes its flagship Global 7500 will eventually provide bottom-line profitability. On a gross margin basis, this program is looking solid. For now, investors seem content to buy and hold this pandemic recovery play.

Bottom line

Not that long ago, Bombardier was a company on the brink of bankruptcy. However, a turnaround effort has changed things for investors in Bombardier stock.

Risks still exist with this stock. They're likely to persist for some time. However, Bombardier still represents an intriguing reopening play for long-term investors bullish on the aerospace sector. Personally, I think this stock is a decent risk/reward bet at these levels.

That said, investors may want to be careful with their allocation of Bombardier stock within their portfolio. This is a company that may see headwinds materialize should the recovery not pan out as many hope. I suppose we'll see.

CATEGORY

1. Investing

TICKERS GLOBAL

1. 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. chrismacdonald
2. kduncombe

Category

1. Investing

Date

2025/07/02

Date Created

2021/10/28

Author
chrismacdonaId

default watermark

default watermark