



At \$2, Is Bombardier Stock (TSX:BBD.B) a Steal?

Description

Bombardier ([TSX:BBD.B](#)) shares have come a long way in the last few years. In fact, year-to-date shares of Bombardier stock are up a [whopping](#) 300%, putting the Canadian stock at just \$2 per share. But with such a low share price to consider, is Bombardier a deal?

What happened

What Motley Fool investors should first consider is what's been going on with Bombardier stock. Now I could go into the long history of the company, but here I'll give a very brief overview instead. Bombardier hit bankruptcy and received government aid. This all happened *before* the pandemic. Since then, it's had to make significant changes. And even still, shares of the company were off the **TSX** today after falling below \$1 per share.

However, the company decided to get rid of places where it wasn't making as much money and focus on where it was: business jets. It redeveloped its Challenger 350, creating the new Challenger 3500. Almost as soon as this announcement was made, Bombardier stock announced 20 purchases of the jet totalling US\$534 million!

Earnings improvements

Bombardier stock is now travelling around trying to convince business owners it's safe to fly. Furthermore, that they need their new business jet to do it. And during its recent earnings report, there were signs of [improvement](#).

Bombardier stock announced during its recent earnings report that it continues to push its new Challenger 3500 jet. However, it still reported a loss of US\$377 million, compared to a profit of US\$192 million the year before. That said, it was a smaller loss compared to the quarter before, after the pandemic hurt sales.

With travel restrictions falling away, private flights are seeing more traffic. Business jet [revenue](#) climbed

17% during the quarter, higher than the \$1.37 billion expected by analysts to \$1.4 billion.

Future opportunities

Bombardier stock came out shortly after the earnings report to make another announcement. The Canadian stock told investors it will construct a facility at Toronto Pearson International Airport due for completion in 2023. The private investment worth around US\$400 million will employ 2,000 workers to produce more business jets.

Analysts have been impressed by the company's growth and financial health, making tough decisions in the process. There is now a potential upside of about 10% on the **TSX** today for Motley Fool investors to consider over the next year.

But beyond that, Bombardier stock is a steal based on its fundamentals and all these facts taken into consideration. It has a valuable 0.59 price-to-sales ratio and EV/EBITDA of 13.39, putting it within value territory. While it's still working toward more profits, clearly that's on the way.

So it may take some patience, but long-term Motley Fool investors know that's when stocks like these really pay off. And at just \$2 per share as of writing, this is certainly a Canadian stock on the TSX today that anyone can afford to put in their portfolio and see what happens for a while.

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