



Could Bombardier Stock Be the Meme/Rally Play for 2022?

Description

Canadian investors looking for [growth](#) have found incredible upside with higher-risk, higher-reward plays this year. For investors in **Bombardier** ([TSX:BBD.B](#)) stock, this has certainly been the case of late.

Bombardier stock has [surged more than 300%](#) on a year-to-date basis this year. Indeed, any sort of move in any stock is worth noting. It appears investors have taken a risk-on view to the markets that has pulled higher-volatility names to levels not seen in some time.

Can these aggressive growth stocks continue their rally? Time will tell. However, here are a few catalysts that appear to provide strong support for Bombardier stock right now.

Bombardier stock performing well on order for 20 Challenger 3500 private jets

Bombardier's business model has been simplified greatly of late. This former Canadian transportation manufacturer has divested its train business and larger jet business, focusing instead on the niche but growing business jet space.

In this space, things have been going well of late.

Indeed, Bombardier recently announced an order worth US\$534 million for 20 Challenger 3500 jets. These jets will be sold to an unidentified client. Accordingly, this size of order appears to provide credence to investors who stuck by Bombardier through the company's reorganization and restructuring.

This deal may get cut down in size based on how the client decides to approach ownership of these jets. Fractional ownership is a common practice in the industry. However, this order is Bombardier's largest this year and is bullish for this stock's trajectory next year.

Analysts are bullish on Bombardier

As it turns out, it's not only retail investors flying the plane with Bombardier stock. Rather, analysts are getting increasingly bullish on Bombardier's prospects moving forward.

Higher demand expectations for aircraft have driven higher projections around Bombardier's backlog. This is a key metric investors use to model out Bombardier's future cash flow. With Bombardier's backlog increasing significantly as a result of this recent deal, there's strong momentum heading into 2020.

Additionally, Bombardier has done well to repay debt maturing this year. By pushing out its debt obligations down the road and potentially being in a position to pay down debt with cash flows moving forward, Bombardier could be in a favourable financial position in a few quarters' time — that is, using very bullish assumptions.

Bottom line

My view is that Bombardier stock remains a high-risk option for investors right now. The company still has a lot of work to do. However, the company is on the right track.

If Bombardier keeps executing, perhaps this momentum can continue. That said, investors should remember to size such an aggressive position according to each individual's risk tolerance level. This is a stock that has shown the ability to decline for long periods of time, meaning investors need to have a strong stomach with this one.

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