



Why Bombardier Stock Is Starting to Look Like a Decent Speculative Bet

Description

The Canadian stock market is continuing to record all-time highs quite frequently. For investors in small-cap [growth stocks](#), this has made for a rather interesting conundrum. On the one hand, companies like **Bombardier** ([TSX:BBD.B](#)) present attractive upside potential. On the other, Bombardier stock has proven to be highly volatile and in a downward trend for some time.

I've certainly been bearish on Bombardier in the past. And many of the underlying factors contributing to that view still hold. However, here's why there may certainly be a valid thesis to own this stock right now.

Bombardier stock remains an attractive turnaround play

Growth investors have done well picking various turnaround plays in this market. That's something most investors would agree is the case.

For investors in Bombardier, this certainly holds true. Since hitting [pandemic lows below \\$0.30](#) per share, Bombardier stock has since rebounded to the \$1.70 level. That's not bad for a speculative bet that the economy would snap back.

We're not there yet. However, demand for aircraft remains heightened, as the world starts to reopen. For those who believe this reopening thesis has legs, Bombardier is an intriguing option to consider.

A manufacturer of business jets, Bombardier has benefited from a growing backlog and an improved outlook. Passengers are looking to fly. And, apparently, business jets are the way to go.

Bombardier is set to open a new manufacturing plant

Amid this increased demand, Bombardier has recently made some big moves.

Chief among these is an announced \$400 million investment in a new manufacturing plant in

Mississauga. The company's CEO Eric Martel believes this new unit will begin operations in 2023. This facility will be used to produce the company's Global business jets, including the Global 7500 aircraft. Approximately 2,000 workers will shift their focus to this new facility.

The goal of Bombardier in making this investment is two-fold. First, the company is working toward meeting future demand, with this facility seen as a key part of Bombardier's plan to grow its way to profitability. Second, this facility will be more green, helping Bombardier meet its environmental goals.

All in all, Bombardier's cash flow growth to \$100 million this past quarter suggests there may be appetite from investors for such investments. Time will tell, but Bombardier is making a strong case that this is a company with real turnaround potential.

Bottom line

Bombardier stock is one that not too long ago was one no one wanted to hld. The company was on the brink of bankruptcy and was forced to sell off the majority of its divisions to stay alive.

Today, there's a real growth thesis with Bombardier. This is a company small-cap investors are looking at. And it's one I think is worth putting on the watch list right now.

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