Bombardier: Could This 2021 Top Gainer TSX Stock Keep Pace in 2022?

Description

The pandemic changed the fortunes of many businesses. Some got out entirely, while it has been a boon for some. E-commerce and allied tech companies played out very well, but hospitality and travel are still reeling under immense pressure. One company that saw a paradigm shift in its fortunes amid the pandemic is **Bombardier** (TSX:BBD.B).

Bombardier: One of the best TSX stocks in 2021

The business jet maker Bombardier shrugged off bankruptcy fears and became one of the best-performing stocks on the TSX Index last year. BBD stock soared 260% when the **TSX Composite Index** gained a mere 20% in 2021. The steep rally last year was indeed delightful for investors, particularly after BBD's years of downturn.

The year 2021 saw its balance sheet improving, mainly due to its long-awaited deal with Alstom. After selling its train-manufacturing unit, Bombardier started its turnaround with its only profitable segment — private jet making.

For the nine months ended on September 30, 2021, Bombardier reported $4.3 billion in revenues, marking a 4% increase relative to the same period in 2020. Though the top-line growth is not that high, it indicates an ongoing turnaround falling in place.

A small increase in revenues came from higher demand for business jets, as many passenger air carriers were still grounded. Private travel notably surged last year and in 2020, which was well reflected in Bombardier stock.

What's next for BBD stock in 2022?

The business jet maker's financial growth will likely be more correlated with corporate earnings growth this year. While earnings at large are expected to be encouraging this year, full re-openings and public travel resumption could adversely affect Bombardier.

BBD stock has come a long way at $1.7-per-share levels today after touching a 52-week low of $0.48 last January. The stock has been weak almost throughout Q4 2021 and has lost 25% since its then high of $2.26.

Profit booking at its record levels forced downward pressure on the stock during this period. In addition, rising inflation and fears of higher rates also notably weighed on growth stocks late last year.

Though it might look attractive at $1.7 levels, BBD stock remains a risky play. Its price-to-sales ratio seems appealing at 0.61. However, the EV-to-EBITDA ratio is steep at 13 times levels.

Bottom line

Although Bombardier's turnaround seems solid growth story in the making, it is still too early to call it a win. However, the revenue growth in the next few quarters will be crucial to watch and will be an important trigger for the stock.

How Bombardier plays out the increasing competition in the new business cycle will be interesting to see. The right product mix will likely be the key to gaining the market share. At the same time, improving the balance sheet strength will also be the priority, which should drive BBD stock to its once-glorious levels.

CATEGORY

1. Coronavirus
2. Investing

POST TAG

1. Editor's Choice

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. kduncombe
2. vinitkularni20

Category

1. Coronavirus
2. Investing

Tags

1. Editor's Choice

Date
2025/06/27
Date Created
2022/01/06
Author
vinitkularni20