



Why Bombardier Stock Fell 11% on Monday

Description

Bombardier ([TSX:BBD.B](#)) shares fell by 11% on Monday after the business jet maker announced Friday it would no longer serve Russian clients due to the Ukraine crisis.

What happened

Bombardier stock reacted harshly to the news that the [business](#) jet maker would cut ties with Russia and all its clients. This comes as sanctions continue to come down on the country after its invasion of Ukraine last month.

The suspended activity includes more than just airplanes because of the Ukraine crisis, however. Bombardier stated it would no longer be providing technical assistance as well. Also, it would stop its business jet deliveries, of which the company has about 5% or 6% in Russia.

So what

On the one hand, this is certainly not good news for Bombardier stock and its shareholders. The company needs cash coming in, and a cut of even 5% will hurt. In 2021, Canada as a whole exported about \$112 million in aircraft to Russia, a record high over the last five [years](#).

But long term, the private aircraft company has \$12.2 billion in order backlog. And allowing it to let Russia go unpunished during this Ukraine crisis would certainly be a public relations nightmare. So management must be confident that the company can make up the cash flow. Especially with its new Challenger 3500 doing so well in sales.

Now what

Bombardier stock remains a strong buy for those with patience and who want strong value. The stock dropped 11% and now trades at about \$1.25 as of writing. It also boasts trading at 0.49 times earnings,

an unheard of amount of value.

Furthermore, analysts give it a potential upside of \$2.40 as of writing. That's almost double where it is now. Given that in the last year along it's risen 80%, this could be a great time to jump in on this strong stock.

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