



## Bombardier Inc (TSX:BBD.B): Buy the Dip?

### Description

**Bombardier** ([TSX:BBD.B](#)) stock took a dip last week, falling 6.8% over the course of five trading days. It wasn't the stock's first decline by any means. BBD.B is currently down 95% from its all-time high (\$25) set all the way back in the year 2000. It has been a rough couple of decades for what was once one of Canada's top companies.

Over the last 12 months, it looked like BBD was bouncing back. It posted a 45% gain in a single year amid the post-COVID aviation recovery. With the COVID-19 pandemic waning, Canada's airlines saw their revenue steadily climb, and that created optimism that maybe Bombardier would get some of its business back.

Unfortunately, that doesn't appear to have happened — at least not overnight. In its most recent fiscal year, Bombardier's revenue declined 6% and it lost \$0.15 per share — not exactly the picture of peak financial performance.

### Why Bombardier is dipping

You can never say with 100% certainty why a stock moved the way it did a given week. There are countless reasons why investors may sell shares, and any event coinciding with a selloff is merely a correlation.

With that being said, it seems there's a good chance that Bombardier's recent financial performance may have influenced its selloff. In the [most recent 12-month period](#), BBD.B delivered the following:

- \$6.085 billion in revenue, down 6%
- \$640 million in adjusted EBITDA, up 220%
- -\$0.12 in earnings per share (EPS)
- -\$0.15 in adjusted earnings per share (adjusted EPS)

Most of these metrics worsened compared to the prior year. Adjusted EBITDA and adjusted EPS improved, but note the keyword *adjusted* — these are non-GAAP metrics that the company is reporting

here. Most GAAP metrics declined. While GAAP results aren't always better than normalized results, it's usually a red flag when the only good metrics a company comes out with are the adjusted ones. It suggests that the firm isn't doing well going by normal accounting rules.

## Does the company have a future?

Having looked at Bombardier's recent results, we can turn to the near future. Bombardier's business shrank last year, but perhaps it will do better in the future.

That could happen, but I wouldn't bet on it. The air travel recovery was already underway in 2021, and that wasn't enough to give Bombardier positive revenue growth. The company did [launch a new jet](#) last year, which sounds exciting, but it remains to be seen whether the jet will sell. It's looking like the big catalyst that could have turned things around for Bombardier did not do so. The recovery of the airline industry arrived, and still BBD.B couldn't crank out positive earnings.

## Foolish takeaway

Bombardier stock has been trending downward for many decades now. Selling off business units just to stay afloat, it has few good businesses remaining. Perhaps if air travel ramps up even more in 2022 than it did in 2021, BBD.B might start a slow climb upward — stranger things have happened. But I personally wouldn't bet my money on it.

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