



Bombardier Stock Merge: What it Means for Investors

Description

Bombardier ([TSX:BBD.B](#)) shareholders saw the business jet company merge shares on June 13 in a reverse stock split. The company merge 25 shares to be worth one share on Monday in a previously accepted move. But what does this mean for Bombardier stock in the future?

What is a reverse stock split?

Let's first go over what a reverse stock split is in the first place. The move happens when companies like Bombardier stock reduce the number of outstanding shares they have in the market. This would allow the company to have fewer shares but at a higher value to boost the share price.

It doesn't have an effect on the company's value and is usually made to prevent delisting or increase visibility. In the case of Bombardier stock, the company was delisted for a while when shares fell below \$1. Given the drop in the market, this could allow the company to remain listed and improve its visibility.

The problem is that a reverse stock split doesn't look that great to outsiders. While it might get the stock more visibility from larger investors, it may receive criticism, as a split artificially boosts the price of shares.

The case for Bombardier stock

Bombardier stock has had a lot going on for investors to consider. But one of the top used to be its share price below \$2. Yet it's not the only reason investors wanted to consider the stock.

Bombardier stock improved its position in the last few years, cutting ties with other transportation to focus on its [business jets](#). This improved the company's financials and created more sales — especially with the pandemic [fueling jet plane usage](#).

Bombardier also announced a new long-range jet as well as a new facility to build more planes at the Toronto Pearson Airport. So, all of this is good news, but what about its financials?

Earnings met or exceeded

Bombardier stock was known for underperforming, but that seems to have changed recently. Bombardier has met or exceeded analyst estimates the last few consecutive quarters. The company recently hit \$1.2 billion in revenue, delivered 21 aircraft and are on track to over 120 deliveries in 2022.

Adjusted EBITDA rose 36% year over year to \$167 million, with its backlog rising to \$13.5 billion since the beginning of 2022. And this doesn't include recent orders for its new Global 8000 aircraft.

And yet...

If you were to look at the share price of Bombardier stock, it doesn't look like it's going to improve quickly. Shares traded at the equivalent of \$50 per share based on today's share price, losing about half their value today. Shares fell 8% alone on June 13 after the announcement, but this came about also when inflation and interest jitters met the market.

Unfortunately, Bombardier stock may be met with more jitters, as the company takes a risky move to prevent delisting all while the market falls. Was it necessary? Probably, but shares will likely fall further in the near future until the market recovers.

CATEGORY

1. Coronavirus
2. Investing

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. alegatewolf
2. kduncombe

Category

1. Coronavirus
2. Investing

Date

2025/08/21

Date Created

2022/06/13

Author

alegatewolfe

default watermark

default watermark