



Bombardier Stock Falls After Reverse Split: Now What?

Description

Bombardier ([TSX:BBD.B](#)) shares went through a [reverse stock split](#) last month, combining shares to create a higher price. Since that time, shares have fallen even further, currently trading at \$18.90 per share down from about \$26 per share the day of the reverse split.

Why the reverse stock split?

This reverse split likely came due to Bombardier stock not wanting to go through being kicked off the **TSX** yet again. After the company saw shares fall below \$1, it was no longer included on the TSX. Combining its shares allowed for the company to stay on the index without losing any of its value.

This was especially concerning, as fears of a recession or at least a bear market remain. As we can see, Bombardier stock isn't the only one falling lately. Shares of the stock may be down 55% year to date, but the TSX today is also down 6% year to date and 15% since heights in the end of April.

Another reason that the reverse stock split may have occurred is that Bombardier stock wants more recognition. By upping its share price, financial institutions may give it a second look, as it won't simply show up with penny stocks. However, it's unlikely that this will give it a huge advantage.

Why the fall?

Bombardier stock hasn't done much that would warrant such a fall, so it's pretty clear that recent share performance is likely to do with the overall volatility of the market. In fact, the company has been bringing in stronger revenue thanks to its renewed focus on its business jet ventures.

The company now has millions in revenue coming in from orders for its new fleets of aircraft. A recent selloff did happen, however, when workers in Montréal went on strike. The question is, will that revenue disappear should a recession continue? Or is there enough upside?

Analysts positive about Bombardier stock future

Granted, Bombardier stock isn't the potential overnight success that it once was. It's no longer a penny stock that could see you make millions, but it's also no longer the penny stock to see you lose it all as well.

And Bombardier stock is performing well. There was a strong [increase in flights](#) during the second quarter of this year, and more deliveries of its aircraft. These areas are expected to continue growing through the second half of this year, and the company continues to chip away at its backlog. This all goes to the company continue to strengthen its balance sheet for long-term performance.

Furthermore, analysts agree that the company on the TSX today is bound for success — especially at current undervalued levels. Just recently, analysts bumped the company's target price, now averaging about \$54. That's a potential upside of 184% as of writing!

Foolish takeaway

Bombardier stock remains a volatile choice for investors on the TSX today. It's one of those shaky stocks that get investors jumpy. But if you listen to analysts, the company is setting up for massive improvements. Further, it trades at significant value. Right now, you can pick it up at just 2.52 times earnings.

CATEGORY

1. 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. alegatewolfe
2. kduncombe

Category

1. Investing

Date

2025/09/22

Date Created

2022/07/05

Author

alegatewolfe

default watermark

default watermark