



Bombardier Stock: How High Could it Go in 2023?

Description

Bombardier ([TSX:BBD.B](#)) wasn't among the 10 top-performing **TSX Composite** components last year, but it still managed to impress investors by delivering solid returns for the second consecutive year. The shares of the Canadian business jet maker jumped by 24.5% in 2022 after yielding an outstanding 250% return in the previous year.

By comparison, the TSX Composite benchmark slipped by 8.7% last year due to macroeconomic uncertainties, including high inflation and consistently rising interest rates. Before we discuss where Bombardier stock could be headed in 2023, let's take a closer look at some key factors that have fueled its stock price rally in the last couple of years.

Bombardier stock rally: Key factors

In recent years, Bombardier has made quite an improvement in its [fundamentals](#) thanks to its increased focus on business jet manufacturing. Notably, the Canadian company, which was also involved in manufacturing trains, commercial jets, et cetera, started working on a five-year turnaround in 2015.

Despite facing pandemic-related challenges in 2020, Bombardier remained focused on its strategic repositioning around business aviation by closing three big transactions during the year. These efforts apparently gave a new life to its business jet manufacturing segment and helped it regain investors' confidence. These steps could be some of the key reasons why Bombardier's share prices jumped by 555% from just \$8.25 per share to \$54 per share in four quarters ended in September 2021.

In the final quarter of 2021, stock investors started becoming worried about macroeconomic concerns, leading to a [market-wide selloff](#), which continued for the next couple of quarters. This is one of the main reasons Bombardier stock started 2022 on a bearish note, losing nearly 54% of its value in the year's first half.

Nonetheless, as the Canadian business jet manufacturer's bottom line continued to beat Bay Street's estimates in all first three quarters of 2022, its stock staged a rally in the year's second half, helping its

stock close the year with strong 24.5% gains at \$52.27 per share.

How high could Bombardier stock go in 2023?

While the broader market roller coaster continues in 2023, as macroeconomic uncertainties aren't over yet, Bombardier stock has started the year on a strong note. BBD.B stock has risen by 7.6% to \$56.24 per share in the first three trading sessions of the year, taking its [market capitalization](#) to \$5.5 billion.

In the first three quarters of 2022, Bombardier [made](#) 74 aircraft deliveries, which was lower than the 82 deliveries in the first three quarters of the previous year. However, the company remains confident in delivering more than 120 aircraft units in the full-year 2022, despite supply chain challenges, compared to its 120 units delivered in 2021 and 114 deliveries in 2020.

More importantly, its order backlog at the end of the September 2022 quarter rose to \$15 billion from \$12.2 billion at the end of 2021, showcasing strengthening demand for its aircraft. In November, during the earnings call, its management said that Bombardier would aim to increase its aircraft deliveries by 15 to 20% in 2023, which should help its financials improve significantly and its stock keep soaring.

Bottom line

Given the ongoing macroeconomic uncertainties, it's nearly impossible for anyone to predict the short-term direction of Bombardier stock or how high it could go in 2023. But it definitely seems to be on track to become sustainably profitable with strong margins in the coming years. That's why Bombardier stock could be worth buying in 2023 and holding for the long term.

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