



Bombardier Stock: Should You Invest in the Current Bullish Trend?

Description

Market-wide bullish trends are typically quite powerful. They sometimes have the potential to lift stocks that are weighed down by weak financials. Then there are sector-wide [bull markets](#) that may trigger a more potent growth in the constituent stocks. However, there are often bullish trends that are isolated to a few segments of an industry or a sector or even a specific stock.

Bombardier ([TSX:BBD.B](#)) is an example of one such stock. It's not an outlier per se, but its post-pandemic bullish phase is relatively unique.

The company

Bombardier supports a fleet of over 5,000 aircraft around the globe and has a presence in a dozen countries, yet it doesn't even break the top 10 aircraft manufacturers in the world. Still, it's counted among the leaders in the industry and has two families of passenger jets. It also creates military aircraft, but the presence in this specific market niche is not so significant.

That's Bombardier as it stands today, but it was a significantly larger business up until a few years ago. The other major segment of the business was railway transport manufacturing. It was one of the largest global players in this industry, but that segment was financially weighing down the company.

Shedding it to focus on the airline business was a bold move but paid off quite well. The sale allowed the company to manage its debt better and improved its financial standing considerably. This was the main trigger behind its growth spurt in the post-pandemic market, which is still going on strong.

Bombardier stock growth phase

Bombardier stock has risen 330% since it hit bottom in April 2022 (market crash driven by the pandemic), but it hasn't been consistent. The bulk of the growth happened in 2020 and 2021. In 2022, the stock grew by about 20%.

However, the stock of Bombardier's scale growing 20% a year is attractive enough. You can double your capital every five years, assuming the stock continues to grow this way.

The financials of the company seem healthy, but they are nowhere near glamorous enough to carry the stock forward for years to come. At its current state, it also doesn't offer the stability advantage of [low-volatility stocks](#), at least if you determine that via beta, which is currently at 2.98.

The company still carries a lot of debt, roughly 1.4 times its market capitalization, which indicates that even though it's moving in the right direction, it has yet to deal with all of its financial baggage.

Foolish takeaway

The stock looks promising right now and is moving in the right direction at a decent pace, but the fundamentals need to improve for the stock to continue on this growth pattern for a long and push through all market challenges. One seriously bad quarter or a drop in aircraft sales can trigger a downward movement.

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