



Telsa Inc.'s Semi Truck Could Cause This Canadian Stock to Skyrocket

Description

Tesla Inc. ([NASDAQ:TSLA](#)) recently unveiled its new electric semi truck on Thursday, and it really looks like it could be a major game-changer in the transportation industry. Tesla's new line of semis are not just cheaper to run than traditional diesel semis, but they can accelerate quicker and drive at faster speeds, even with a full 80,000-pound load on a 5% grade.

There's no question that the Tesla semi has the potential to change the trucking landscape completely with its innovative cost-effective features, like everlasting brakes, jackknifing prevention, impact-resistant windshields, independent motors, onboard sensors, and autopilot capabilities with the ability to form a convoy with just a single driver.

For road transport and logistics companies, the Tesla semi is definitely something to get excited about with its features that could easily send operating margins through the roof. **TFI International Inc.** ([TSX:TFII](#)), a Montreal-based transportation company with Canada's largest trucking fleet, could be the stock to own if the Tesla semi lives up to the hype.

TFI International has primarily grown via the acquisition of smaller trucking companies to gain access to new markets. Management is [shareholder friendly](#), returning cash back into the pockets of its investors either through an upped dividend or through share buybacks. If the company were to build a massive fleet of Tesla semis, it's likely that the magnitude of dividend increases would grow to by leaps and bounds over the next few years, as it becomes more competitive with the rails as a means to transport goods across the continent.

With many firms ordering Tesla semis in the day following its unveiling, I find it highly likely that TFI International will place an order of its own to try out the revolutionary new trucks. Elon Musk guaranteed that the semi wouldn't break down for one million miles, and if they're really that reliable, the Tesla semi could be the only truck that road that transport firms will need to have in the future.

TFI International shares have been on a roller-coaster ride over the past few years with shares down ~4% over the past year. The stock currently trades at a forward 14.2 price-to-earnings multiple, a 2.1 price-to-book multiple, and a 0.6 price-to-sales multiple, all of which are lower than the company's five-

year historical average multiples of 22.3, 2.5, and 0.7, respectively.

Bottom line

The stock of TFI International is cheap, and margins have steadily improved over the last decade. If the company invests in Tesla's semi, I believe margins will fly a lot higher thanks to the huge amount of cost savings and safety features that the new truck can offer.

Tesla is taking orders for its semi now with production slated to start in 2019. It's worth noting that Tesla has experienced production issues in the past, so it may take even longer before its semis hit the road, and if that's the case, TFI International probably won't benefit from a Tesla fleet of its own until at least three years from now. However, I believe the stock of TFI International could pop in the near term if the company places an order or at least expresses some interest in Tesla's semi.

At this point, TFI International looks like a low-risk, high-reward investment today for those with a long-term time horizon. Even without a fleet of Tesla semis, TFI International is still a [great stock](#) with a solid 2.4% dividend yield.

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joefrenette

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