

# 1 Company That Will Perform Well Over the Long Haul

## Description

Transportation is a vital part of the economy, and the big players in shipping and logistics are making a lot of money at it. As long as there are items to be shipped, there'll be a need for big rigs to carry all of our online purchases across the country. Companies like **TFI International Inc.** (TSX:TFI) are positioned to profit from this vibrant industry.

TFI operates in a number of business areas in the transportation and logistics space. The company owns and operates well-known subsidiaries such as Canpar and Loomis transportation for package and courier delivery. It also provides transportation solutions for larger, bulk items and transportation solutions for products that need multiple stages and modes of transportation to reach their destination.

The company has four reportable segments: Truckload (46% of revenue); Logistics and Last Mile (20% of revenue); Less Than Truckload (20% of revenue); and Package and Courier (14% of revenue). TFI ships throughout North America, with an almost even split of revenue coming from Canada and the United States and a small amount coming from Mexico. It has a diversified customer base from a variety of industries.

Even though the stock has fallen in recent weeks, it is still trading close to its 52-week high. It also isn't terribly expensive, with a price to earnings ratio of just under 15 times trailing earnings. TFI has a fairly steady, slightly decreasing share count, another positive for investors.

The company has been a [steady performer](#) over the last 20 years, with a compound annual growth rate for its free cash flow of 15.7% over that period. The steady performance over this long period reflects the company's ability to focus on long-term growth.

Dividend investors will receive a small but [growing dividend](#) from this company. The TFI currently has a dividend of just under 2%. The dividend has been slowly growing for several years. Given that earnings have been growing at a decent clip and the payout ratio is quite low, it appears likely that the company will continue to grow the dividend in the future.

The biggest risk facing the company at the moment is that it lacks cash and has a fairly large amount of debt on its books. The debt is largely due to the substantial number of acquisitions it has made — 65 since 2008. These acquisitions have been largely accretive and have added to TFI's free cash flow generation, so its track record has been quite positive overall. Nevertheless, when a company lacks cash and has a decent amount of debt it is a good idea to keep an eye on its financial situation.

This stock has been trending upwards for years, with the present fall in the stock price giving investors a buying opportunity. For the time being, there are few alternatives for shipping other than trucks, and efficient logistics will be needed for years to come. TFI has established itself as a leader in the space. The debt is a little high, so investors need to be comfortable with that fact. But over the long haul, TFI's great results and a growing dividend make this a stock worth considering.

## CATEGORY

1. Dividend Stocks
2. Investing

## **TICKERS GLOBAL**

1. TSX:TFII (TFI International)

## **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## **Category**

1. Dividend Stocks
2. Investing

## **Date**

2025/08/26

## **Date Created**

2018/10/26

## **Author**

krisknutson

default watermark

default watermark