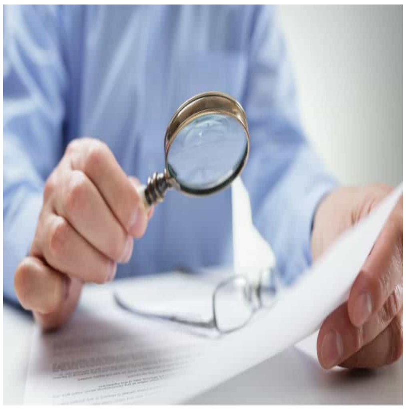

Rare Triple-Threat Alert: This Value Stock Also Offers Double-Digit Growth and Income

Description

Value investors finally have something to cheer about. Over the past few years, value investors have had to dig deep to find value in the market. Not so today. After the most recent market downtrend, there are now plenty of value stocks to be found.

One stock that looks particularly attractive is **TFI International** (TSX:TFII). TFI is a North American transportation and logistics company with operations in Canada, the United States and Mexico.

Consistent outperformance

TFI has been a star among the TSX's poor yearly performance. Year to date, the company's stock price has returned an impressive 33.20%. Over the past five years, TFI averaged a 16% annual return. Thanks to the recent weakness in the markets, the company is now trading 11% below its 52-week high.

In late October, the company proved yet again why it deserves a spot in your portfolio. Just prior to announcing third-quarter results, the company's stock was halted. TFI posted a material beat as it announced record operational income and a significant bump in margins. Operating income of $125.1 million was up 107% over the third quarter of 2017. Similarly, operating margins increased by 540 basis points over the prior year.

This outstanding performance led to a $0.20 beat on the bottom line. It marked the fourth consecutive quarter that the company beat earnings estimates by 20+ per cent.

A growing dividend

Investors have not only benefited from significant capital appreciation, but they have also enjoyed greater year-over-year income. TFI International is a Canadian Dividend Aristocrat, having raised dividends for seven consecutive years. The company has raised dividends by 9% on average over the past five years. It's a dividend growth rate that's on the rise.

Thanks to impressive third-quarter results and a 26% rise in free cash flow, the company announced a 14.29% dividend raise.

Valuation

Are you worried that the company's outperformance means there is less room to run? Don't be. TFI remains undervalued. As of writing, the company is trading at a forward price-to-earnings ratio of 11.94. Its P/E to growth ratio is a 0.65, which means that its share price is not keeping up with expected growth rates. Growth rates that are expected to average 18.9% over the next few years. Thus, it is considered undervalued.

It is also trading well below its historical averages and is trading at a discount to the industry P/E, price-to-sales and price-to-book ratios.

Analysts are almost unanimous in their coverage of the company. Twelve out of the 13 analysts covering the company rate it a "buy." The average one-year price target is $52.42, which implies 20% upside from today's share price.

Foolish takeaway

TFI is a rare triple threat. It's a value play with expected double-digit growth and income and a great addition to your portfolio.

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