



## Canadian Tire (TSX:CTC.A): One of the Best 50-Year Holds Available Today

### Description

One company I have liked for quite some time in the Canadian retail space is **Canadian Tire Corporation** ([TSX:CTC.A](#)) for long-term investors considering a multi-decade investment. The company remains as immune as a retailer can be to e-commerce pressures. Canadian Tire has made more strides to become e-commerce friendly than many of its peers in the retail space, offering a gamete of options for customers looking to pick up in-store or have certain products delivered. These programs are likely to pay dividends in the long-term as customers look for increasingly convenient ways to purchase goods and services.

### Strong earnings and financials

From the perspective of a long-term investor, there's also a lot to like about the company's strong balance sheet and financials, which continue to get better over time. In Canadian Tire's [most recent earnings release](#), the company reported top and bottom line increases of 11% and 4%, respectively, with EPS growth of more than 21% – staggering results compared to other retailers who are fighting to get low-single-digit growth in this environment.

### Dividend

Another key aspect of the company's recent earnings report that should be highlighted here is a 15% dividend increase to Canadian Tire shareholders.

For income investors, the fact that Canadian tire has increased its annual dividend distribution by an average of 15.7% per year since 2008 should speak for itself. I'm a huge fan of any company that can continuously increase its dividend distribution in the double-digit range – a 15% per year clip is incredible, and all indications are that this will continue indefinitely, making Canadian Tire a very unique opportunity indeed.

### Financial assets

Fellow Fool contributor Nelson Smith has recently highlighted one interesting aspect of Canadian Tire's business model – its [balance sheet of financial assets](#) including credit card balances.

Canadian Tire has been in business for decades. As one of Canada's longest standing retailers of home and garden items, the company has built quite a base of credit for consumers and businesses alike. The company earns a very nice rate of return on this business, and like other Canadian financial institutions, is indeed benefiting from strong economic growth in the Great White North.

The degree to which the company may be "over-levered" to the Canadian consumer may be overstated by Mr. Smith, as Canadian Tire holds a diversified portfolio of financial assets spread across consumers and businesses in all regions of the country, making the firm's financial portfolio more diversified, in some sense, than some of the lending portfolios of small regional Canadian banks.

### Bottom line

The long-term prognosis for Canadian Tire remains solid regardless of what economic environment stands ready to greet investors for the decades to come. I consider Canadian Tire a top 10 long-term bet for investors willing to put money away to grow for a long period.

Stay Foolish, my friends.

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