



## Millennial Investors: This Stock Will Make You Rich

### Description

Is it possible that a stock that is based on century-old technology, which is overly reliant on owning large swaths of land that traverses the entire continent, could pose as a promising long-term investment and even better provide a source of income for dividend-seeking investors?

The answer to all of those questions is a resounding yes, and **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is the company that nearly every investor, but particularly younger investors, should strongly consider adding to their portfolio. Here's a look at what makes Canadian National a compelling investment option, now more than ever before.

### Rail freight is still very relevant and stable

Investing in a railroad in 2019 may not seem like that promising of an investment. Railroads were, after all, invented well over a century ago, and in the age of same-day, overnight deliveries, drones, and instant-everything, the thought of loading a freight container that is then hauled from one end of the country to the other can seem a little underwhelming.

In reality, railroads are very much an important and relevant part of the economy and haul more freight than any other method. For Canadian National, this translates into over \$250 billion worth of raw materials, components, and finished products on an annual basis. The freight itself can be anything from automotive parts and chemicals to crude oil, fertilizers, wheat or completed products being transported to warehouses and ports around the country.

To put it another way, the entire North American economy is extremely reliant on rail freight, with rail the rail tracks that zig zag the continent often referred to as being arterial veins of the economy.

The track that railways operate on poses another advantage. Many of the tracks were laid well before the communities and cities that they traverse were established, effectively making them both permanent fixtures and providing a nearly impenetrable moat from which any would-be competitor would be impossible to emerge.

With respect to Canadian National, there's one more positive takeaway that comes in the form of the railroad's expansive network, which is one of the largest on the continent, and the only one that has access to three separate coastlines.

Speaking of new competitors entering the market, the current railroad landscape is also unlikely to be altered at the hands of any mergers, particularly from any of the largest, tier 1 railroads such as Canadian National. Following a series of mergers back in the 90s, strict criteria were enacted around mergers of Tier 1 that have effectively kept the landscape at its current level.

Also worth noting is just how much Canadian National is investing in improving its already impressive network. Following a horrid winter season plagued with delays last year, Canadian National invested into infrastructure, locomotives, and staff to clear backlogs and improve service. So far this year, Canadian National announced rail infrastructure development updates in Saskatchewan, Quebec, and Manitoba, all part of a \$3.9 billion capital investment plan.

## Where does the opportunity lie for Canadian National?

Now that we've established that Canadian National plays an important part in the economy that is investing in growth, and the current competitive landscape isn't bound to change anytime soon, let's take a look at what the company can offer growth-wise, turning to the most recent quarterly results.

In the most recent quarter, Canadian National reported revenue of \$3,808 million, representing an impressive 16% gain over the same period last year. Adjusted diluted EPS for the quarter came in at \$1.49 per share, topping the same period last year by 24%. Over the course of the entire fiscal year, Canadian National beat the prior year by 10% on revenue, and adjusted diluted earnings rose 10% on a per share basis.

In other words, Canadian National continues to generate cash, perform a necessary function to the economy, and benefits from a massive moat, and I haven't even mentioned the dividend.

The current 1.80% yield may sound unimpressive, particularly with a slew of [high-flying yields](#) across the market, but in reality, Canadian National has maintained a series of decent annual hikes to that spanning back over a decade, which, when factored in with the explosive growth the stock has seen in the past decade alone, make Canadian National the [perfect buy-and-forget](#) long-term holding for any portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:CNI (Canadian National Railway Company)
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