Planes, Trains and Automobiles: These Transport Stocks Could Make You Rich

Description

Transport and travel stocks sometimes get overlooked as a source of high returns, but the following stocks represent some of the most lucrative investments in this competitive and fast-changing industry. From ride-sharing apps to classic, old-school railways, these four stocks are just the ticket for a long-haul investment.

A logical play for the long-distance investor

Trucking and logistics stock **TFI International** (TSX:TFI) has seen past-year returns of 24.4%; up 2.04% in the last five days, it's a popular stock with a good track record and some decent-quality stats. While a 19% past-year ROE is fairly good, it's a one-year past earnings growth of 84.8% that overtakes a five-year average past earnings growth of 27% that really shines.

Valuation isn't bed, with a P/E of 12.7 times earnings and P/B of 2.3 times book on display, though high debt at 101.3% of net worth and the fact that TFI International insiders have only let go of shares in the last three months may be of concern to the low-risk investor.

The NASDAQ, notable for novel transport stocks, includes newcomers like **Lyft** (NASDAQ:LYFT) alongside the coveted FAANGs. Rumour has it Lyft may have some competition for the hottest ride-share tech stock pretty soon. In fact, as soon as Uber hits the stock markets, Lyft may see a drop in its share price.

Despite being down 14.11% in the last five days at the time of writing, shareholders would be wise to hang on tight to their stake in Lyft and not sell too early. A 32% uptick in earnings is on the way for this debt-free capital gains play.

Buying Canadian is a popular play

Turning back to the TSX index, **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) has seen one-year returns of 25.5%, pays a dividend yield of 0.93%, and is looking at a 10% expected annual growth in earnings. Overall, it can certainly compete with a hybrid NASDAQ tech-travel stock.

Up 1.65% in the last five days, Canadian Pacific Railway is popular and shows a wise use of shareholders' funds with a 29% past-year ROE that is significant for the TSX index. Things to watch out for would be an iffy balance sheet, some inside selling over the last three months, and overvaluation hinted at by a P/E of 20.6 times earnings and P/B of 5.9 times book.

Returning 29.7% in the last year, **Air Canada** (TSX:AC)(TSX:AC.B) is an outperforming stock in a highly competitive field, meanwhile. However, scale that back, and you'll see that Air Canada returned 343.4% over the past five years, making for one of the highest returns on the TSX index, and a standout transport stock. However, if you thought railways were overpriced, look at Air Canada's P/E of 52.7 times earnings.

The bottom line

In first place, TFI International pays a dividend yield of 2.29%, with a stable 10-year track record, though its low 4.1% expected annual growth in earnings may not satisfy growth investors. Meanwhile, Air Canada is a mixed bag, down 3.34% in the last five days but still a sturdy runner-up with a better outlook than the other stocks here, indicated by a projected 50.3% annual growth in earnings.

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