



Long-Term Investors: If You Buy This Stock Today You'll Never Need to Sell It

Description

These days air travel is becoming more popular and more frequent. This is primarily due to the industry becoming more efficient, with better and more aerodynamic planes, higher fuel efficiency out of the jet engines and strong airline companies that have figured out how to maximise profits.

This has led to a boom in the industry as it becomes more affordable to travel, ultimately leading to an increase in demand.

One industry that's witnessing a huge benefit as a result of this are the businesses that are engaged in the training of flight personnel, especially pilots.

With increased travel and more planes in the sky than ever, the airline industry and also the airfreight industry has never required more employees.

It's estimated that over the next 10 years, passenger trips will grow by nearly 4% annually, bringing the total number of passenger trips to 5.3 billion, up from 3.8 billion in 2018.

It's also estimated that active aircraft around the world will jump from 27,000 in 2018 to 39,000 by 2028. These numbers are astounding and represent only commercial airlines, as it's expected that freight and private jet flights will also grow.

All these new pilots and technicians need training, and the industry will continue to increase well into the future.

Enter **CAE Inc** ([TSX:CAE](#))([NYSE:CAE](#)), a technology and simulation company that offers training for a number of employees.

Though the majority of the business it does is in civil aviation training, with 57% of its recurring revenue, it also trains and creates simulations for the defence industry as well as the healthcare industry.

It's a massive company on a global scale with more than 160 locations in over 35 countries.

Its strong operations have built itself a competitive moat and made it the go-to company for training and simulation services.

It continues to see strong growth, reporting record revenues and earnings per share in its fiscal year 2019 (FY19). Revenues were up 18% from FY18 and earnings per share were up 13%.

It also has a record backlog that increased by 18% in FY19, to an incredible \$9.4 billion.

Its defence and security segment is also a large portion of its business. It operates more than 120 sites in over 35 countries and has strategically picked locations in growth markets.

Defence is a great industry to operate in, especially given that the main clients are governments and they continue to spend mass amounts of money on defence spending. This will only continue to increase into the future, solidifying CAE as one of the best companies to own for the [long term](#).

CAE also most recently entered the healthcare training and simulation industry. It believes that it has a number of synergies with its other segments, as well as being able to improve training and simulation through technology and data driven decisions.

Financially, the company is in a strong position and is looking to strengthen its balance sheet going forward. It plans to get its net debt to capital down to the roughly 40% mark, while continuing to invest in sustainable growth.

It also returns capital to shareholders through share repurchases as well as a dividend that currently yields about 1.2%, without sacrificing its long-term growth potential, which is ideal.

CAE is clearly an experienced operator that knows the industry in and out and will continue to find growth, whether it be from the segments it's currently operating in, or new segments it decides to enter.

The company does essential work, giving it a ton of stability, and operates in industries that rely heavily on having their workers trained properly, making it a top candidate to buy and hold forever.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/25

Date Created

2019/11/17

Author

danieldacosta

default watermark

default watermark