Canadians: Profit from Buying and Holding This 1 Stock for Decades!

Description

AirBoss (TSX:BOS) is a Canadian manufacturer of rubber-based products for the resource, military, automotive and industrial markets.

The company reports a market capitalization of $194 million with a 52-week high of $10.40 and a 52-week low of $7.07.

An interpretation of the numbers

For the nine months ended September 30, 2019, the company reports a strong balance sheet with USD$84 million in retained earnings, up from USD$81 million the previous year.

With intangible assets of USD$50 million, the company has tangible net worth (TNW) of USD$34 million. TNW represents the real value of the company. The company reports total debt of USD$69 million.

Revenue for the period is up marginally from USD$240 million in 2018 to USD$242 million in 2019 (+0.9%). Operating expenses are down slightly, which resulted in pre-tax income of USD$10.2 million, up from USD$9.8 million in 2018. After-tax income of $7.8 million. Investors should be pleased with this data as the company is consistently profitable.

Traditional cash flow (TCF) of USD$17.4 million, which is enough to cover the current portion of long-term debt of USD$5.1 million.

This is a good sign for investors, as it indicates that the company generates enough cash internally to meet its current debt obligations. The company repaid USD$4 million in debt in 2019 plus USD$3.7 million in dividends.

But wait, there’s more

Looking at the company's notes to its financials indicate a couple of important items.

First, the company derives its revenues from rubber solutions, engineered products and unallocated corporate costs. For the nine months ended September 30, 2019, the company reports the majority of its revenues from engineered products (53%) followed by rubber solutions (47%) and unallocated corporate costs (0%).

This is good news for investors, as the company is not heavily dependent on one segment to generate sales. During an economic downturn, the company is somewhat insulated if a drop in demand occurs for one of its segments.

Second, the company is geographically diversified. Its net sales come from United States (73%) followed by Canada (17%) and other countries (10%).

This diversification is beneficial for investors as adverse economic conditions in one country can be mitigated by sales in other countries.

I'm a bit concerned about AirBoss's concentration on the United States market as a downturn could result in a material change to its revenues. That said, AirBoss operates in a specialized industry, giving it some protection from the ebbs and flows of the economy.

Foolish takeaway

Investors looking to diversify their portfolio and purchase shares of a company for the long-term should consider buying shares of AirBoss.

Despite the modest decreases in the company's share price in the past five years, the company continues to report solid financials, ultimately fuelling future growth.

Further, the company pays a healthy 3.38% dividend, which management is keen on maintaining, as evidenced by its increasing dividend payments since 2015.

The company is also diversified across segments and somewhat diversified geographically. Both factors allow the company to be somewhat insulated from the ebbs and flows of the economy.

AirBoss is a good choice for investors looking for a modest dividend and modest growth.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BOS (AirBoss of America Corp.)

PARTNER-FEEDS

1. Business Insider
2. Msn

3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/17
Date Created
2019/12/10
Author
cliu