



Canadians: This TSX Stock Is Ideal for Your TFSA Portfolio

Description

When a company has raised its dividend for 31 consecutive years, you know it's a company you can count on. Multiple economic booms and busts have come and gone, but **Toromont Industries** ([TSX:TIH](#)) has continued to raise its dividend. This company is a Dividend Aristocrat of the highest ranking.

That is one of the primary reasons why this stock merits a buy in a turbulent 2020. The threat of the Coronavirus is not gone, and no one is sure if and when the next recession is going to hit, but Toromont continues to chug along.

Toromont is a supplier of heavy construction equipment and power and refrigeration systems. It operates through two business segments: the Equipment Group and CIMCO. The Equipment Group includes one of the larger **Caterpillar** dealerships by revenue and geographic territory. CIMCO is a market leader in the design, engineering, fabrication, and installation of industrial and recreational refrigeration systems.

Q4 and 2019 results

The company just released its numbers for the fourth quarter and full year of 2019. The results are solid. Revenues for the fourth quarter of 2019 were \$1.025 billion, up 6% from \$966 million in the same period of 2018. Revenues for 2019 came in at \$3.67 billion, up 5% from \$3.5 billion in 2018.

Net earnings in 2019 were \$286.8 million, up 14% from 2018. Revenue growth and mix, expense control, and lower interest costs on reduced debt levels contributed to the improved results. Net earnings for the fourth quarter were \$90.5 million, up 7% from 2018.

Revenues for the Equipment Group were up \$182.9 million to \$3.3 billion for the year on growth in product support, rentals, and used equipment sales. Revenues for the CIMCO business for the year decreased \$8.4 million, or by 2%, to \$334.8 million. Recreational markets were strong in Canada and the U.S. and served to partially offset weaker industrial markets. Product support revenues increased in Canada and the U.S.

Scott J. Medhurst, CEO, president, and director, acknowledged the impact of the global economy but is positive about the company in 2020:

“In the mining sector, deliveries in the year were down against a strong year in 2018, with some of this attributed to uncertainties in the broader global economy. Production, however, continues, and we did see an uptick in the fourth quarter and entered 2020 with a solid backlog. The growing installed base of equipment is a good bellwether for future product support activity.”

Toromont increased the quarterly dividend by 14.8% to \$0.31 per share, indicating a forward yield of 1.75%. Toromont has paid dividends every year since 1968, and this is the 31st consecutive year of dividend increases.

I had [written about Toromont in](#) December 2019. The stock was trading at \$69 at the time. I had recommended a buy on the stock, affirming that it would meet its target of \$73 in a year's time. After the numbers that the company has put out, analysts have revised their targets to \$77.86. I see no reason why Toromont won't hit the revised target estimates as well. That's an increase of over 9% from its current price.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TIH (Toromont Industries Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/16

Date Created

2020/02/18

Author

araghunath

default watermark

default watermark