



3 COVID-19 Earnings Quotes to Know

Description

The trucking industry is recovering from the effects of the COVID-19 pandemic. The Canadian government has done a stellar job of responding to growing unemployment. The Canada Revenue Agency (CRA) will issue payments through the [Canada Emergency Response Benefit](#) (CERB) program until October.

TFI International ([TSX:TFII](#)) reported better-than-expected earnings on Tuesday. Business-to-business demand in the firm's package and courier segment fell during the quarter. Meanwhile, business-to-consumer demand grew as a result of strengthening e-commerce trends.

The trucking company earned \$69.7 million in the second quarter, a reduction from \$87.7 million in the second quarter of 2019. Revenue decreased to \$1.11 billion or 17% from the Q2 2019.

Here are three COVID-19-related quotes that you should know about TFI International earnings before you buy this great stock.

Volumes decline during COVID-19 pandemic

A decline in transportation volumes during the heat of the health crisis led to reduced operating income from April to June. Luckily, the trucking industry is rebounding and shifting demand from businesses to consumers.

"Operating income from continuing operations declined by 12% to \$131.5 million from \$149.0 million the prior-year period, primarily driven by a decline in volumes due to COVID-19 and a bargain purchase gain recognized in the prior-year period offset by contributions from business acquisitions, strong execution across the organization, an asset-light approach, and cost efficiencies."

TFI International acquired three relatively low-cost assets in the second quarter. These acquisitions contributed to a 14% increase in revenue during the first half of 2020. The company is also planning on

additional growth through future investment.

COVID-19 tax payment deferrals boost net cash

The CRA's tax payment deferrals in response to COVID-19 boosted net cash during the second quarter. Likely, those tax payments will show up in the following quarters, reducing net cash in the future.

"Net cash from continuing operating activities was \$227.9 million during Q2 2020 versus \$141.4 million in the prior-year quarter. The 61% increase was due to stringent working capital management and the deferral of certain tax payments due to economic stimulus measures initiated in response to COVID-19."

TFI International had initially paused capital expenditures at the beginning of the health crisis. Now that the initial volatility in demand has levelled, the firm has reinstated its initial plans for capital expenditures.

TFI International spent \$27.3 million on property and equipment during the second quarter versus \$69.8 million in the prior-year quarter.

TFI rehires furloughed employees

At the onset of the crisis, TFI International furloughed employees and reduced hours. As the trucking industry rebounded from COVID-19 restrictions, TFI rehired employees and reinstated the five-day workweek.

"TFI has rolled back certain cost-saving measures implemented at the onset of the COVID-19 pandemic that had spanned all operating companies and its entire workforce and has reinstated a full five-day workweek for 594 employees and rehired 793 employees full-time who had been furloughed."

Falling unemployment is a great sign for the economy. The CRA estimates that CERB spending will total [around \\$71 billion](#) by the end of the summer. As companies recall employees, the government revenue burden will lighten.

Further, this indicates that the demand is there for TFI to succeed this year, despite the ongoing effects of the coronavirus pandemic.

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