



Got \$2,000? Here's 1 Screaming-Buy Growth Stock to Buy Today and Hold Forever

Description

BRP ([TSX:DOO](#))([NASDAQ:DOOO](#)) released its Q3 results of fiscal 2021 on November 25. The company crushed analysts' estimates for the quarter, as it reported adjusted earnings of \$2.13 per share. It was 41% higher on a YoY (year-over-year) basis and significantly better than \$1.14 per share in the previous quarter. With this, the Valcourt-based company crushed analysts' consensus estimates of \$1.41 per share by over 50%.

Let's take a closer look at some other key highlights from its latest earnings event and find out why its stock could be great for the long term.

BRP's Q3 revenue rose in its key markets

BRP makes and markets power sports and marine products in many countries. Its primary geographical markets are the United States, Western Europe, and Canada. In its fiscal year 2020, the company's 55% of revenues came from the U.S., while Western Europe and Canada accounted for 18% and 16% of its total revenue, respectively.

In the third quarter of fiscal 2021, BRP's sales in the U.S. market rose by 7% to \$952 million, while it registered a 6% YoY rise in its home market sales to \$299 million. In contrast, the company's overall international market sales tanked by 10% from a year ago to \$424.

But the U.S. and Canada's higher contribution helped the company report a 2% YoY rise in its total revenue to \$1.7 billion. Its total revenue was also about 5% better than Bay Street's expectations.

Margins and profitability improved

BRP's adjusted gross profits stood at \$487 million in the third quarter of fiscal 2021 — up 10.1% YoY and 13% better than analysts' expectations. With this, the company's Q3 gross profit margin rose to 29.1% — against 26.9% a year ago and 20.1% in Q2.

Similarly, BRP's adjusted net profits jumped up by 39.4% YoY to \$190.6 million in the third quarter. It was slightly less than double compared to its adjusted net profit of \$100.9 million in the previous quarter and about 50% better than analysts' consensus estimates of \$126.5 million.

Along with higher profit figures, the company's net profit margin also significantly expanded on a YoY basis to 11.4% in Q3 of fiscal 2021 from just 6.2% a year ago.

Why the profit margin expanded

During its Q3 earnings conference call, BRP's management [attributed](#) its margin expansion to consistently strong consumer demand — allowing it to reduce its promotional activities.

The higher demand for its products also allows the company to improve its product mix. It implies that highly profitable products' contribution rose in BRP's total sales in the latest quarter.

Its stock is a screaming buy

The calendar year 2020 started on a terrible note for BRP stock, as it fell by 61% in the first quarter. Nonetheless, its second quarter's sharp recovery not only erased all these losses but made this year fruitful for its investors. The stock rose by 152% in Q2 and extended these gains by another 22% the quarter ended September 2020.

The ongoing quarter has been a [roller-coaster ride](#), as its stock tanked by nearly 15% in the second week of November. However, its solid Q3 results seem to have impressed investors as it rose by about 5% on Thursday.

Foolish takeaway

The company's ability to comfortably swim through tough times and its improving profitability makes its stock really attractive at the moment. These are some of the reasons why you may want to buy this stock for the long term before it starts touching new heights.

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