



TFSA Investors: Retire Early on Canada's Best Transportation Stock

Description

TFI International ([NYSE:TFII](#))([TSX:TFII](#)) is a [leading player](#) in the transportation and logistics industry. TFI services more urban centres than any other carrier in Canada and offers North American customers a variety of transportation solutions. The company's scope extends to all of Canada, the United States and Mexico.

The company transports package and couriers, less than load (LTL) freight, full truck load (TL) freight, and offers logistics and last mile solutions. Through [internal growth and acquisitions](#), the company has enhanced shareholder value, increased geographic scope and expanded product offerings.

The company is very cheap, with a price-to-earnings ratio of just 18.11, a price-to-book ratio of 2.83, and market capitalization of \$6.83 billion. Debt is managed prudently by TFI, as evidenced by a debt-to-equity ratio of just 0.77. The company has excellent performance metrics with an operating margin of 9.97% and a return on equity of 17.80%.

The package and courier segment provides pickup, transport and delivery services across North America. The LTL segment provides pickup, consolidation, transport and delivery services of smaller loads. The TL segment provides full loads carried directly from the customer to the destination and includes expedited transportation, flatbed, container and dedicated services.

Generally, demand for freight transport is closely linked to the state of the overall economy. Consequently, TFI's performance is impacted by a change in general economic conditions. However, the company's extensive customer base, broad geographic dispersion and participation in four distinct segments reduces the effects of any economic downturn.

TFI has the largest trucking fleet in Canada and has developed a significant presence in the United States. The company owns valuable assets in the form of power units and trailers. The trucking business has high barriers to entry since a large number of licenses are necessary to operate in North America, which TFI has already obtained.

TFI has a diverse base of clients operating across a broad cross section of industries. Due to the breadth of the company's client base, a downturn in the activities of individual customers or in a

particular industry does not adverse impact TFI's operations.

In the last several years, TFI has formed strategic alliances with other transport companies in North America, in order to offer customers a broader geographic network. TFI's operations are highly seasonal and aligned with general demand for freight and non-freight transportation.

Historically, demand is stable with the weakest demand in the first quarter. TFI's fuel consumption and maintenance costs rise during winter months. The transportation and logistics industry is highly fragmented and consists of relatively few large companies and many small companies serving target markets.

In the trucking industry, smaller operators typically operate in a highly-specialized yet competitive environment in which the customer may have several alternative carriers available. TFI and other trucking operations compete with other modes of transportation such as rail, air freight and maritime transportation. These modes of transportation play an important role in the growth of the North American economy.

In summary, TFI appears to be a great way for retail investors to gain exposure to the fast-growing transportation and logistics industry.

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