



This TSX Stock Shows How to Make 1,000% Returns

Description

Boyd Group Services ([TSX:BYD](#)) operates non-franchised [collision repair centres](#). The company's collision repair centres offer automotive collision and glass repair and replacement services. Boyd Group also operates auto glass retail facilities under various trade names and provides a claim administrator service, which offers glass, emergency roadside, and first notice of loss services. The company was founded in 2002 and has approximately 5,600 glass provider locations and 4,700 emergency roadside services providers.

The company has a price-to-earnings ratio of 94.36, price-to-book ratio of 5.18, dividend yield of 0.26%, and market capitalization of \$4.79 billion. Debt is very sparingly used at Boyd Group, as evidenced by a debt-to-equity ratio of 0.88. The company has excellent performance metrics with an operating margin of 5.65% and a return on equity of 6.81%.

Boyd Group is one of the [largest operators of repair centres](#) in North America in terms of number of locations and sales. The company is a major retail auto glass operator and provides collision repair services to individual vehicle owner, fleet, and lease customers. A majority of the company's revenue is derived from insurance-paid collision repair services.

A risk that exists with investing in Boyd Group is the freedom of choice of repair provider that is available to the company's customers. In markets where non-government-owned insurance companies are predominant, formal relationships with insurance companies play a critical role in generating sales volumes for the company. Boyd Group mitigates this risk by establishing referral arrangements with insurance carriers and developing and strengthening relationships.

The collision repair industry in North America is represent approximately \$35-45 billion in annual revenue. This presents a huge opportunity for Boyd Group to expand and grow shareholder value. The industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets.

Recently, a number of multi-unit collision repair operators have grown through acquisition and emerged in North America. Car dealerships have approximately 18% of the total collision repair market and multi-

unit operators (including multi-unit car dealerships), now have approximately 30% of the total collision repair market.

Despite operating in a very competitive industry, Boyd Group is well positioned to grow through acquisition. There is a growing trend among major insurers toward developing performance-based measurements in selecting collision repair partners. The company has worked hard on forming partnerships with insurance companies to better manage automobile repair claims and increase customer satisfaction.

Insurance companies have selected Boyd Group to participate in programs based on integrity, convenience, and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time, and other key performance metrics. There is some preference among insurance carriers to do business with an established player such as Boyd Group to increase efficiency, reduce the number and complexity of contacts in the collision repair process, and achieve a higher level of consistent performance.

Boyd Group looks set to grow business through increasing same-store sales and acquiring new locations in addition to being alert to opportunities for accelerated growth through the acquisition of other multi-location businesses.

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