



Buy Alert: This TSX Stock Has Gained 140% Since May 2020!

Description

Several stocks have made a comeback since the bear market of 2020. The COVID-19 pandemic has decimated multiple sectors, including retail, transportation, energy, and hospitality. However, the rollout of federal benefits and economic recovery has led to a rebound in Canadian equities in the last year.

One such stock is **Mullen Group** ([TSX:MTL](#)), which is one of the [largest trucking and logistics companies](#) in Canada. It is also a leading provider of specialized transportation to the natural gas and oil industry in Western Canada. Mullen Group stock is up close to 140% in the last 12 months. Let's see if it can move higher going forward.

This TSX company reported a revenue decline in Q1

Mullen Group reported its financial and operating results for the first quarter of 2021, which ended on March 31, 2021, on April 21.

The first quarter generated consolidated revenue of \$290.5 million, which was a decrease of \$27.7 million, or 8.7% year over year, compared to sales of \$318.2 million in the prior-year period.

The company reported a consolidated operating income before amortization and depreciation of \$47.1 million, which was an increase of \$1.9 million, or 4.2%, in comparison to \$45.2 million in 2020, which was due to cost-control initiatives.

Mullen Group saw an increase in its net income from \$8.3 million to \$13 million, which was equivalent to \$0.13 per common share. The company's total net debt of \$459.4 million and its working capital was \$247.1 million that included \$117.7 million of cash and equivalents.

Lucrative acquisitions

Mullen Group announced its acquisition of Bandstra Group of Companies, which includes Bandstra Transportation Systems Ltd. and Babine Truck and Equipment Ltd. on April 16, 2021.

Bandstra Transportation is an addition to Mullen Group's logistics and warehouse segment, while Babine will be operating within the specialized and industrial services segment. The management expects both companies to generate returns that are going to be consistent with their respective operating segments. While Bandstra generates revenue of around \$65 million annually, Babine manages to generate \$20 million in annual sales.

Both companies are based out of British Columbia and have a strong customer base — something which the management is hoping to encash on. Mullen Group is said to have funded this acquisition from its existing cash.

Other than the two acquisitions, Mullen is also looking to close an acquisition with APPS Transport Group, which is based in Ontario, in the second quarter of this year. Similar to Bandstra Transportation, this too is a well-known brand in the Canadian transportation industry.

What's next for investors?

Murray Mullen, the company's CEO, is quite clear about the company's future steps. He said that Mullen's growth will come from outside the country and that it is critical to pursue expansion in the U.S., which will drive top-line growth in 2021 and beyond.

While [analysts tracking the company](#) expect sales to decline 9% to \$1.06 billion in 2021, they expect the top line to grow by 10% to \$1.17 billion in 2022. Mullen is also a solid dividend payer with a yield of 3.54%, which makes it attractive for income investors. Further, Mullen Group is forecast to grow its earnings at an annual rate of around 25% between 2022 and 2026.

The stock is trading at \$ 13.36, with analysts expecting it to reach a high of \$17. However, it is necessary to keep in mind that the company isn't currently earning the highest returns, but it might see a change of fortunes with Canada slowly lifting restrictions after a pandemic-hit year.

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Date

2025/08/14

Date Created

2021/04/30

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