



TFSA Value Picks: 1 Agriculture Giant to Own Forever

Description

Cervus Equipment (TSX:CERV) is a leading [equipment solutions provider](#) to customers in agriculture, transportation, and industrial markets across Canada, Australia, and New Zealand. Throughout the company's territories and across diverse markets, Cervus dealerships are united by the sales and support of the market-leading equipment. The company operates over 60 Cervus dealerships and is the authorized representative of leading original equipment manufacturers (OEMs).

Further, Cervus operates an extensive product-support network, including a fleet of mobile service vehicles and over 500 service bays. One-third of the Cervus workforce of more than 1,500 dedicated employees is comprised of technicians with specialized skills to support customer equipment diagnostics, maintenance, and repair needs.

Market-focused business segments

The company operates through three [market-focused business segments](#) along with a corporate segment. Cervus's corporate services, including strategic business development, legal, finance, information technology, human resources, accounting, payroll, and other support functions, are centralized at the company's head office in Calgary, Alberta. These segments are managed separately, and strategic decisions are made on the basis of each division's respective operating results.

The agriculture segment of Cervus's business sells and services new and used agriculture and turf equipment manufactured by John Deere. John Deere agriculture equipment includes a full line of farm equipment and related parts and service, including tractors, combine harvesting equipment, tillage, seeding, nutrient management, and soil preparation machinery, sprayers, and hay and forage equipment. John Deere turf equipment includes lawn and garden tractors, compact utility tractors, and front mowers.

Value-added services

The transportation equipment segment of Cervus's business sells and services the full line of new and used Peterbilt trucks, including road conventional, vocational, and medium-duty pick-up and delivery trucks. This segment consisted of 18 dealerships with four Peterbilt truck dealerships and one collision repair centre operating in Saskatchewan and 12 full-service Peterbilt truck dealerships and one parts and service centre operating in Ontario.

The industrial equipment segment of Cervus's business includes material handling equipment dealerships. The products sold by Cervus include cushion tire forklifts, electric forklifts, multi directional forklifts, and narrow aisle forklifts. The segment also provides storage and racking equipment for warehousing, operator training, and preventative maintenance.

Several competitive advantages

The John Deere name and brand is one of Cervus's largest competitive advantages. John Deere is among North America's oldest and most respected brands. It is the world's leading manufacturer of farm equipment and offers a complete line of farming services and solutions with products primarily sold and serviced through the agriculture industry's largest dealer network. In addition, John Deere produces and markets North America's broadest line of lawn and garden tractors, mowers, and other outdoor power products.

Also, the Peterbilt name and brand is a significant competitive advantage for Cervus. Peterbilt has established itself as a North American leader in the manufacture and delivery of transportation equipment. Cervus also sells several other established and well-known brands that specialize in construction and industrial products and equipment, such as Sellick, Clark, Doosan, JLG, and Baumann. The ability to use these brands makes Cervus a wonderful stock to own over the long term and could lead to market-beating returns.

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Date

2025/06/30

Date Created

2021/06/29

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