



Why NFI Group Stock Is Tanking Over 20%

Description

What happened?

The shares of **NFI Group** ([TSX:NFI](#)) tanked by more than 20% on Monday morning. With this, the Canadian vehicle maker and mobility company's stock erased all its year-to-date gains to enter negative territory for the year. Today's massive losses in NFI stock came after the company lowered its 2021 financial guidance on Friday last week.

So what?

NFI Group is a Winnipeg-based bus and coach maker and transportation mobility solutions provider with a market cap of \$2.1 billion. Last year, the COVID-19-related operational challenges took a big toll on its financial growth, as its 2020 revenue slipped by about 16.4%. This sales drop forced the company to post an adjusted net loss of US\$0.75 per share last year.

Its sales growth trend turned positive again in the June quarter this year after NFI Group posted a nearly 75% year-over-year jump in its revenue. This positive financial growth trend boosted investors' confidence and drove its stock up by 12.3% in August after its Q2 results. However, NFI's latest [struggle](#) with "escalating supply chain disruptions and logistics delays" forced it to cut its 2021 outlook last week. This could be the primary reason for taking a toll on its investors and driving NFI stock down by more than 20% today.

Now what?

The pandemic badly hurt the global supply chain and logistics business last year. Despite many improvements seen in the supply chain operations earlier this year, many industries, including autos and tech, continue to face big shortages of critical components and parts. These shortages are creating bottlenecks in the production process for most large automakers and other businesses, including NFI Group. That's why such affected companies don't seem to have many options open for

them at the moment, except idling some of their plants to save costs.

While the ongoing global supply chain disruptions might be temporary, they might enhance the struggle and delay the financial recovery for companies like NFI. That's why I'd wait to see a positive change in the global supply chain before betting on stocks like NFI right now. Instead, I would prefer to bet on other [cheap TSX dividend stocks](#) during the ongoing market correction.

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