



Recovery Plays: A Pair of Industrial Stocks Are TSX30 Winners

Description

Industrial stocks are not as popular as energy, technology, or bank stocks. The sector is likewise in the lower rung regarding performance. Thus far, in 2021, the year-to-date gain is 11.87%; the industrial sector is ninth out of 11 primary sectors. However, it doesn't mean there are no attractive [investment options](#) in the sector.

A pair of constituents belong to the best-performing [growth stocks](#). **TFI International** ([TSX:TFII](#)) ([NYSE:TFII](#)) and **Cargojet** ([TSX:CJT](#)) rank 20th and 23rd in **TMX Group's** TSX30 list for 2021. Moreover, their businesses thrived during the pandemic and should further flourish in the years ahead. Both are [top picks](#) if you're searching for excellent recovery plays.

Business success in the pandemic

TFI International is well known in Canada, Mexico, and the United States. The \$12.02 billion company, through its operating companies, provides the full complement of transportation and logistics services to customers in North America. In May 2021, TFI added more muscle with the acquisition of United Parcel Service's (UPS) freight business.

The caveat of the \$800 million deal is a five-year contract, where TFI will use the UPS's domestic network to move packages. Alain Bédard, TFI's chairman, president, and CEO, said the acquisition of UPS Freight was historically significant.

Many companies didn't have a successful 2020. In the year ended December 31, 2020, TFI reported an 18% and 9% growth in adjusted net income and operating income, respectively, versus the full year 2019. TFI's financial performance so far this year is far more impressive.

In the first half of 2021, TFI's adjusted net income and operating income increased 76% and 126% year over year, respectively. The growth in Q2 2021 versus Q2 2020 was 398% and 226%, respectively. Bédard said all four business segments are reaching new heights. He added the strategy to navigate the unprecedented crisis created a platform for growth and profitability.

The current share price of \$129.25 is 280% higher than on March 9, 2020. Investors enjoy a 98% year-to-date gain besides the 0.9% dividend. No wonder that market analysts recommend a strong buy rating. They forecast a 17.32% return potential in the next 12 months.

In the limelight

Like TFI International, the global pandemic pushed Cargojet into the limelight. The industrial stock made it to the TSX30 list because of its +187% performance in the last three years. Its share price dropped to as low as \$75.51 on March 18, 2020, before soaring 225% to \$245.68 eight months later.

Cargojet eventually rewarded investors with a 108% total return in 2020. In the first half of 2021, Cargojet's total revenue increased by only 4% versus the same period in 2020. However, net earnings topped \$78 million compared to the net loss of \$46.9 million.

As of October 8, 2021, the industrial stock trades at \$195.43 per share. It's a good entry point, considering the 9% year-to-date loss. Also, market analysts recommend a strong buy rating. Their 12-month average price target is \$251.67 (+29%). If you invest today, the \$3.32 billion air cargo services pay a 0.53% dividend.

Worth investing

The inclusion of TFI International and Cargojet in the 2021 TSX30 list should heighten investors' interest in the industrial sector. Canada's economic recovery is underway, and it would be worth your money to take positions in either growth stock in Q4 2021.

CATEGORY

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