1 Canadian Stock That Turned $10,000 Into $1.3 Million

Description

If you're a Motley Fool investor reading this article, it's likely because you're hoping that I'm about to tell you about some great Canadian stock that's going to make you a millionaire. And hey, you'd be right! But it's not what you think.

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You might be one of those investors looking to strike it rich over night, but let me tell you: that's a volatile, risky, and downright *horrible* strategy. While we all hope to find that crystal ball that will tell us to buy a Canadian stock at $30 per share on the **TSX** today, it's simply unlikely.

But you can still buy a Canadian stock, even after it's made a killing, and make a killing *yet again*. It will just take more time. In the case of **Boyd Group Services** (TSX:BOYD), this is a perfect example.

Safe, stable, and growing

Boyd Group Services is the owner of the largest network of non-franchised collision repair centres. These centres operate through Canada and the United States, currently at 819 stores. As the largest network, the Canadian stock boasts the top spot among collision centres, leaving little competition in its wake. Furthermore, most of its revenue comes from the United States, with insurance companies feeding into its revenue.

And that revenue has been strong. During the last earnings report, the Canadian stock added a further 39 locations. While its report was still below pre-pandemic levels, demand was increasing "meaningfully" in the U.S. especially. Sales increased 44.4% year over year, with adjusted EBITDA up 62.7% during that time. Adjusted net earnings also climbed to $11.4 million after a loss of $4.8 million the year before on the TSX.

Now, earnings are around the corner on Nov. 10, with the company likely to add even more locations. And that's where the stability comes from. The Canadian stock has a strong balance sheet with cash on the books. With revenue climbing and pre-pandemic levels coming back, Boyd should continue to see impressive growth for years to come.

Do the math

Where the numbers come from with this Canadian stock is all in the historical data. Since coming on the market, shares of the company have increased at 23,140%! If a Motley Fool investor had invested $10,000 just 15 years ago at $2 per share, today you would have an investment worth $1.295 million!

In the last two decades, the Canadian stock has grown at a compound annual growth rate (CAGR) of 36%. That's an incredible rate that's not likely to happen yet again. But just this year alone, there has been strong growth in the recovery. Shares are up 27% in the last year and 11% in the last three months. That's stellar growth that any company would be envious of.

Don't expect a future like the past

Granted, lightning usually doesn't hit twice. So, it's unlikely an investor can become a millionaire yet again in the next 15 years. But in double that time? I'd say, absolutely. Boyd's long-term potential through acquisition is a growth strategy used by some of the best and most stable companies in the industry. But it can also continue to simply build brick-and-mortar locations in the meantime.

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Let's say you wanted to hit that million-dollar target and were willing to invest $10,000 again and reinvest dividends from this Canadian stock. In the past three years, the company has seen a CAGR of 28%. That's still insane, but it looks to be far more stable.

In that case, a $10,000 investment could be worth over $1 million in just 19 years. That's only four more years above the original estimate!

Now, of course, this is just for the purpose of an example and includes reinvesting dividends. But it just goes to show that this Canadian stock is a solid, stable option on the TSX today that could see decades of growth.

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