



Why TFI International (TSX:TFII) Stock Tanked 10% Friday

Description

What happened?

The shares of **TFI International** ([TSX:TFII](#))([NYSE:TFII](#)) tumbled by nearly 10% on Friday to as low as \$133.64 per share. This massive drop in its stock came a day after the company released its better-than-expected third-quarter results on Thursday after markets closed. Nonetheless, TFII stock is still trading with more than 100% year-to-date gains, including today's sharp losses.

So what?

In the September quarter, TFI International's revenue more than doubled from a year ago to US\$2.1 billion, beating analysts' estimates by nearly 10%. Similarly, the company's adjusted earnings for the quarter stood at US\$1.46 per share — up about 56% YoY. Its latest quarterly earnings were also 16% higher compared to Street's expectation of US\$1.26 per share.

Its solid business growth across segments [helped](#) the company record Q3 results and encouraged its management to raise full-year 2021 earnings guidance. It also raised its 2021 free cash flow outlook from the range of \$550-\$575 million to \$675-\$700 million yesterday.

Looking at these record results and raised guidance, you may not find any major negative factor that could directly be blamed for today's big selloff in TFII stock. But one of the factors that investors might find concerning for the near term is its management's comment on rising costs and [the ongoing supply chain mess](#).

During its Q3 earnings conference call, TFI International's CEO Alain Bedard suggested that the company's maintenance cost is still rising, as it doesn't have the equipment to bring the costs down. Bedard blamed the ongoing supply chain disruptions to add that it could be difficult for the company to get this equipment in 2022 as well. This could potentially have a negative impact on its financial growth next year.

Now what?

TFI International's transportation and logistics services business has shown outstanding financial recovery in 2021 so far. While its rising costs could be a little worrisome for the near term, they might not affect its long-term growth prospects. That's why I still find TFII stock worth buying, as its accelerating financial growth and improving outlook could help its stock yield outstanding returns in the long run.

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