



Make Your Portfolio Greener With This Top TSX Stock

Description

A top **TSX** stock I've had my eye on for some time from a clean energy perspective is **NFI Group** ([TSX:NFI](#)). Indeed, given the climate change summit ongoing in Glasgow today, investments that are eco-friendly are ones that are grabbing much overdue attention.

NFI stock has had a relatively strong go of it this year. However, this company remains well off its [pre-pandemic highs](#), suggesting there's much more upside left with this stock.

As a leading supplier of zero-emission transit buses to North American states, provinces and cities, there's a lot to like about NFI's business model. Additionally, this company has a solid, growing presence in Europe and the U.K. through the latest acquisition of Alexander Dennis.

Here's more on why I think NFI could be positioned for a nice growth surge here.

A top TSX stock poised for growth

NFI's core business model is intriguing to long-term investors. The EV segment is one that's typically viewed within the context of the passenger vehicle market. However, larger transportation options such as buses don't typically cross investors' minds. Accordingly, I think NFI stock is a top TSX stock that's flying under the radar right now.

NFI's business is rounded out by the smaller motor coach and aftermarket parts and service segments. Additionally, there is a fledgling but immensely growing infrastructure solution (EV charging systems) opportunity.

The company's earnings are cyclically depressed. However, they are [poised to grow](#) and potentially rise five-fold between 2021 to 2025. The company expects this to be the result of a demand recovery emerging out of the pandemic and huge, secular global government-funded forces. The replacement cycle on buses is one that investors in NFI have been watching for some time, with legacy fleets soon to be replaced by zero-emission buses. The hope is that NFI picks up most of this slack.

Solid second-quarter results

NFI executed several milestones in Q2 2021. This includes the advancement of the transformational NFI forward cost reduction initiative and continued expansion into international markets.

This company delivered a better balance sheet and strong quarter with substantial improvements in year-over-year financial performance. This comes despite the supply chain challenges that have impacted the firm's production and parts sales.

Company CEO Paul Soubry stated that they see encouraging signs of market recovery along with a considerable rise in order activity. As well, the team is working toward managing the challenges created by the pandemic. He further stated that the company's strategy regarding leading ZEvolution to zero-emission electric mobility seems to be a tremendous success.

Investors ought to factor these factors into their financial models right now with NFI. This is an intriguing stock with many catalysts investors can rely on right now.

Bottom line

NFI currently provides the widest range of sustainable drive systems available out there. This includes natural gas, clean diesel, electric hybrid, and zero-emission electric (battery, fuel cell, and trolley). As a whole, NFI supports its installed base of more than 105,000 coaches and buses distributed globally.

My take is that NFI remains a top TSX stock in the EV space most investors haven't heard of. Accordingly, investors are able to take advantage of an excellent valuation multiple and similar growth prospects to the company's high-flying peers.

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