



Could Headwinds Be on the Horizon for Boyd Stock?

Description

There are certainly reasons investors like how **Boyd Group** ([TSX:BYD](#)) stock is positioned right now. As a North American auto repair giant, Boyd stands to benefit from some strong [secular growth catalysts](#).

Indeed, as travel restrictions continue to be lifted from the pandemic, things are looking up for Boyd stock. The company services roughly 20% of the world's auto market in North America alone. As the leading collision workshop chain in this market, Boyd has quietly grown to a rather large and formidable conglomerate in North America.

Can this growth continue? Let's take a look at what investors and analysts are looking at with this stock.

Analysts think Boyd stock should do well long term

As with any stock, an investor's view on a given company can change depending on one's time frame. In the case of Boyd stock, this appears to be very true.

Analysts are generally bearish on some near-term headwinds facing this sector. Among the key issues is a shortage of technicians, which may impact revenues and bottom-line performance in the near term. Additionally, there's those pesky supply chain shortages driving up materials costs and presenting a risk to Boyd's margins.

However, how long these pressures last remains to be seen. There's an increasing view that Boyd could work through these issues in the coming quarters. Additionally, the company has been ramping up its acquisition rate of late. This could be a good or bad thing, depending on how effectively the company can recruit technicians.

For now, Boyd is a company producing double-digit EBITDA growth. Analysts expect this rate could accelerate, along with acquisitions. Accordingly, this is a stock that could have long-term upside, despite near-term headwinds.

Excellent business model

One of the things long-term investors such as me like with Boyd is the company's long-term strategic approach to growth. Boyd has been consistent in its view that consolidating the fragmented auto repair market in North America will bode well. Over the long term, the company has been proved right.

Accordingly, there's reason why so many investors and analysts are bullish on this stock. This is a company with what appears to be evergreen demand. As long as commuters commute, and cars remain on the road, this is a picks-and-shovels play on transportation that's hard to beat.

Bottom line

Boyd's overall business did suffer during the pandemic, as the auto sector as a whole took a hit. However, investors may also note the rather [impressive recovery](#) in Boyd stock since then.

I'm of the view that Boyd remains a great long-term pick for investors looking for consistent growth in their portfolios. This company isn't a sexy tech play. However, Boyd stock has yet to underwhelm me in terms of the company's execution of its long-term strategy.

That's enough for many investors. And it's enough for me.

CATEGORY

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Date

2025/07/20

Date Created

2021/11/03

Author

chrismacdonald

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