Forget Air Canada: Buy This 1 TSX Transport Stock Instead

Description

Air Canada (TSX:AC) continues to underperform the broader market by a wide margin in 2021. It's currently trading with 6% year-to-date losses — much worse compared to **TSX Composite Index's** 21% advances this year so far.

Forget Air Canada stock

Air Canada investors continue to suffer big losses, as travel restrictions and guidelines have been hurting the air travel demand for nearly two years now. After its stock erased 53% of its value in 2020, investors hoped for a big recovery in 2021. However, these hopes gradually subsided, as new variants continued to take a big toll on the travel demand.

Going forward, the path doesn't look easy for Air Canada. As we're approaching 2022, a near-term recovery in its stock still looks highly unlikely, as the new Omicron variant is fading the possibility of easing restrictions.

It could be the right time for investors to consider investing their hard-earned money in other stocks instead of just waiting for Air Canada stock to stage a sharp recovery. Let's take a look at one such TSX transportation stock, which I find worth buying today, despite its big rally in 2021.

Buy TFI International stock instead

TFI International (TSX:TFII)(NYSE:TFII) is a Saint-Laurent-based transportation and logistics firm with a market cap of about $12.7 billion. The company and its subsidiaries primarily serve three markets: the United States, Canada, and Mexico.

While Air Canada continued to struggle, even in 2021, TFI's overall business and financial growth witnessed a massive recovery this year. That's one of the reasons why TFII stock has more than doubled in 2021, as it currently trades with 109% year-to-date gains at $136.63 per share. Notably, the stock has consistently yielded solid positive returns for the last four years.

Strong fundamentals

TFI International has been beating Street analysts' earnings estimates for the last eight quarters — clearly reflecting the ongoing strength in its fundamentals. Also, the improving business environment has helped the company strengthen its revenue and earnings growth trends further in the first three quarters of 2021.

In Q3 2021, TFI International reported a 124% YoY (year-over-year) increase in its total revenue to US$2.1 billion with the help of rebounding economic activity and transportation demand. This higher revenue drove the company's adjusted earnings up by 56% YoY for the quarter to US$1.46 per share, exceeding analysts' expectations by more than 16%.

Solid outlook

Bay Street analysts expect TFI International to post strong double-digit earnings growth in the next couple of years, as the demand for its services continues to improve across North America. Apart from the organic growth of its business, the company is also focusing on quality acquisition to further accelerate its financial growth. For example, it announced the acquisition of D&D Sexton — a Missouri-based refrigerated transportation firm — in November. This deal is likely to improve TFI International's presence in the temperature-controlled business segment.

These positive factors could help TFII stock continue soaring in the coming years, I believe. That's why long-term investors may want to buy this Canadian transportation stock right now instead of betting on the expected recovery in Air Canada stock.

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Date
2025/07/21
Date Created
2021/12/23
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