



NFI Stock Crashes 20% on Poor Earnings Results

Description

NFI Group ([TSX:NFI](#)) fell by 17% on Thursday, with the bus maker reporting that it would be cutting its dividend by 75% and reporting a loss.

What happened?

NFI stock reported a net loss of US\$8.7 million for the quarter, or US\$0.12 per share in the fourth quarter. This was compared to a profit of US\$8.5 million and US\$0.21 per share on an adjusted basis the year [before](#). The report fell far below estimates, which pegged the company at a loss of US\$0.14 per share on an adjusted basis.

But the biggest move, of course, was the huge cut in the company's dividend. NFI stock stated it would cut its dividend of \$0.2125 per quarter to \$0.053 per quarter. This comes down to what the company called a temporary situation due to supply-chain disruptions.

So what?

It was an incredibly bad quarter for the company, with supply-chain disruptions clearly being at the forefront of the issue. Revenue fell by 2% year over year to US\$695 million, though ahead of estimates of US\$609 million. Still, NFI stock seems confident that it can still reach 2025 targets and estimates it should be able to increase the dividend in 2023.

Furthermore, NFI stock took the chance to find cost savings, which it did in the amount of US\$55 million for adjusted EBITDA, and US\$10 million in free-cash flow. Still, the company has ongoing supply-chain disruptions and the pandemic to contend with. And we all know those likely won't end anytime soon.

Now what?

NFI stock launched six new battery-electric vehicles during this quarter and entered new regions. It cut costs and maintains a solid backlog of projects, with a 70% increase in active bids year over year during the second half of 2021. However, management admitted the ongoing supply-chain [challenges](#) creates a volatile situation.

But that situation should hopefully end by 2023, with management hoping to accelerate its backlog by then. Long term, it remains committed to its guidance. For 2022, however, it now believes it will hit a range of US\$100 and US\$130 million in adjusted EBITDA.

Shares of NFI stock were down 19% as of writing and 24% year to date.

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alegatewolf

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