



1 Canadian TSX Stock I'd Buy Above All Others

Description

Canadian Pacific Railway ([TSX:CP](#))([NYSE:CP](#)) continues to trade near or at all-time highs. Share have risen 3% in the last year and 10% year to date, though that's lower than the 15% climb earlier this month.

Yet there are some Motley Fool investors who may not be convinced about CP stock, and I don't blame them. The railway company has been the focus of several issues recently, including a strike that could have added to supply-chain woes and the battle over Kansas City Southern Railway.

But honestly, I'm still picking CP stock as a solid long-term hold. Here's why.

No more drama

CP stock first had to deal with the battle for KCS with **Canadian National Railway**. The railway deal made more sense for CP, because its rail lines don't overlap with KCS's, though CNR's rail lines do. There were also huge issues within CNR as well. Despite a larger bid price, CP stock [won the deal](#) and is now the only railway that runs from Canada down into Mexico.

As for the work stoppage, a strike was narrowly avoided by the company, but an agreement was made. It couldn't have been worse timing for CP stock. Supply-chain woes made a work stoppage unthinkable, especially in terms of fertilizer coming in time for spring planting. Therefore, a deal was made, and now the company won't have to worry about another stoppage in the future.

These issues were certainly big ones. However, they are now in the past. The drama from both the strike and the KCS decision are now behind CP stock, so the company can now move on. In fact, it could be argued that CP has never been in a better position!

Strong finances

CP stock was able to take on KCS and deliver on the work stoppage because the company has a

strong balance sheet. That remains the case, and despite all this drama, the company still managed to come out strong during its fourth-quarter and full-year earnings report in January.

The company increased its revenue to \$2.04 billion, with diluted earnings per share decreasing to \$0.74 due to acquisition-related costs mainly in the fourth quarter. Revenue for the year was up 4%, reaching \$8 billion in 2021, with diluted EPS increasing to \$4.18.

Granted, acquisition costs will continue to be a part of the company's future. But it has cash on hand to help pay that down over time. And now doesn't need to worry about a work stoppage at the crucial point. With its earnings due out on Apr. 27 for the first quarter, investors should still pay attention to the company's payment plans.

Cash right now

Right now, CP stock is a solid company that continues to grow. Analysts give it a consensus target price of \$107 as of writing, which is certainly fair. That company's all-time high is now at \$105 per share, after all.

Then there's the dividend to consider. CP stock offers a stable 0.77% dividend yield for investors. However, that could very well jump in the future. The company recently slashed the dividend due to the growth moves it made. However, before that, it offered investors \$3.04 per share per year. Now, that's down to \$0.76 per share per year. It's a massive drop, but one I'm sure the company will increase once more. Before that, it boasted a compound annual growth rate of 11% over a decade.

Foolish takeaway

CP stock is a solid purchase for those wanting dividend growth, share growth, and stability in the years to come. Shares are up about 150% in the last five years alone, with [even more growth on the way](#). It remains the top choice in railway stocks within the duopoly from the recent KCS purchase. And that alone gives investors enough reason to want to buy up this stock for the long run.

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