TFI International: Is This the Best Stock on the TSX Today?

Description

TFI International (TSX:TFII)(NYSE:TFII) recently received a number of analyst share boosts after its earnings announcement last week. Canada's largest trucking company doubled its profits in the first quarter, but management believes there's more room to grow.

Does that make this company the best buy on the **TSX** today?

What happened?

TFI stock saw shares jump 8% on Friday after the company reported it doubled its profits in the first quarter. This came from the enormous surge in demand for consumer products, manufacturing components, fuel growth, and raw materials for the shipping industry.

The company took full advantage on this trend, seeing net income rise 121% year over year to US$147.7 million. Revenue almost doubled as well, up 91% year over year to US$2.19 billion. This was helped along by the TForce Freight acquisition in April for US$800 million. This acquisition included former UPS Freight.

The biggest impression came from the company reporting all this growth, despite labour shortages, inflation, and problems within the trucking sector as a whole. And yet it managed to soar past expectations of US$1.21 diluted earnings per share and reported US$1.68. Again, this was more than double the year before.

Analysts weigh in

Analysts were quick to give their opinion on TFI stock this week. Despite the jump in share price, investors still have the opportunity to buy up the stock within value territory. Right now, it trades at 11.9 times earnings and offers a dividend of 1.33%.

Analysts increased their target prices as well as their full-year guidance for the trucking company. It remains supported by long-term contracts, and those rates remain strong. Should an economic slowdown occur, it's more likely smaller trucking companies will be hit rather than TFI stock.

These analysts remained confident the stock would continue to outperform, if not the TSX itself, then at least within its sector — especially as its merger and acquisition strategy continues. The average target price remains at about $142 as of writing — a potential upside of 34% at this time.

What now?

If you're a Motley Fool investor looking for some growth over the next year, TFI stock is a strong choice. The company should continue to do well even in a recession. It remains with a strong balance sheet that opens it up to further mergers and acquisitions, providing significant value at these levels.

It exceeded expectations last quarter and should do so again this year. Even as analysts upped their full-year targets, they remained conservative. So, the trucking company could very well exceed those expectations once more.

Shares of TFI Stock were down 25% year to date at the time of writing. But zooming further out, shares are up 280% in the last five years and 487% in the last decade. This represents a compound annual growth rate (CAGR) of 19% in the last decade alone. All while you receive a dividend yield of 1.33%, or $1.36 per share annually.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TFII (TFI International)
2. TSX:TFII (TFI International)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/09/08
Date Created
2022/05/06
Author
alegatewolfe