



Finning International (TSX:FTT) Stock Looks Like a Buy After Earnings

Description

Finning International ([TSX:FTT](#)) is a Vancouver-based company that sells, services, and rents heavy equipment, and power and energy systems in Canada and around the world. Today, I want to look at how this stock has performed compared to its peers on the Canadian market in 2022. Moreover, I'll discuss why it looks like a promising pickup after the release of its recent earnings report.

Why Finning International has outperformed the TSX in 2022

Shares of Finning International have climbed 9.3% in 2022 as of close on May 9. The stock is up 1.6% in the year-over-year period. I'd [suggested](#) that Canadian investors should stash this stock for the long term back in the summer of 2020. Meanwhile, the **S&P/TSX Composite Index** has now fallen into negative territory in the year-to-date period in the face of major volatility in late April and early May.

This stock has been a solid target, as it offers exposure to sectors that have performed well over the past year. It is the largest dealer of **Caterpillar** equipment in the country. Shares of Caterpillar have moved down marginally in a United States market that has been hit even harder so far in 2022.

How does the company look after its earnings release?

The company released its first-quarter 2022 earnings on May 9. It delivered total revenues of \$2.0 billion in Q1 2022 — up 22% from the previous year. Meanwhile, its consolidated equipment backlog rose to \$2.1 billion compared to \$1.9 billion as at December 31, 2021.

Consolidated EBITD was reported at \$140 million in the first quarter of 2022 — up 29% from the prior year. Meanwhile, net income increased to \$92 million, or \$0.59 per share. Finning saw strong activity across all regions. The company's inventory climbed by \$414 million compared to the fourth quarter of 2021. It has bolstered its inventory in order to meet strengthening consumer demand to kick off fiscal 2022. That is a great indication for Finning going forward.

In Canada, the company delivered net revenue growth of 14% and new equipment sales growth of

11%. Meanwhile, Finning delivered net revenue growth of 18% and 35%, respectively, in its South America and U.K. and Ireland operations.

Finning management said in its 2022 outlook that it expects the company to benefit from “strong commodity prices, public and private sector spending, and economic growth forecasts in all our regions.” However, it will be forced to battle headwinds in the form of global supply chain issues.

Here’s why I’m buying Finning International stock today

This dividend stock was one of the top options I’d [considered](#) all the way back in 2018. In this quarterly report, Finning’s board of directors approved a 5% increase in its [quarterly dividend](#) to \$0.236 per share. That now represents a 2.6% yield. Better yet, shares of Finning possess a favourable price-to-earnings ratio of 15. This is a stock I’m still looking to snatch up in this volatile environment.

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