



1 TSX Stock That Could Crush the Market in the Long Run

Description

Long-term investing is a [rewarding strategy for investors](#) with discipline and patience. More often, people tend to panic when the [market is declining](#) and sell stock holdings to avoid potential losses. However, long-term investments won't hamper returns, because almost always, they outperform or crush the market.

If you're not in the market for quick gains, consider taking a long position in **TFI International** ([TSX:TFII](#)). The stock's run up to 2022 and price appreciation in the last decade have been superb. Also, the stock's underperformance year to date (-4.39%) isn't alarming. This \$11.87 billion transportation and logistics company has plenty of room to expand and grow down the road.

Winning on strategic acquisitions

TFI has been growing its network and increasing shareholder returns through consistent identification and pursuit of strategic acquisitions. Its integrated network today consists of more than 80 operating companies. These operating companies provide the full complement of transportation and logistics services to customers.

The customer base in North America comes from top industries, including a broad range of verticals. TFI's growth strategy centres on acquiring well-managed companies that are market leaders themselves. Instead of taking over, TFI generally retains existing management but provides them with requisite tools and support to achieve business success.

Most of TFI's acquisitions have asset-light operations, demonstrate value in portfolio expansion, and help increase or extend geographic reach. The ultimate objective of this strategy is to promote new platforms for further growth and enhance shareholder returns.

Management also expects to benefit greatly from the evolution of e-commerce fulfillment. TFI's e-commerce network now covers over 80 North American cities. In the second quarter of 2022, the total e-commerce revenue in Canada and the U.S. reached US\$194.8 million and US\$240.5 million, respectively.

Challenging environment

The environment this year is challenging, yet TFI saw its total revenue in the first half of 2022 increase 55% to US\$1.63 billion versus the same period in 2021. However, net income declined 11.3% year over year to US\$424.55 million. Part of the net income was the bargain purchase gain of US\$283.6 million from the acquisition of **UPS** Freight.

For this year alone, and in line with its growth strategy, TFI made four strategic acquisitions (three in the U.S. and one in Canada). Management attributes the significant increase in revenue to the contributions from business acquisitions.

TFI's diversity across industrial and consumer end markets is a competitive advantage, although it acknowledges the potential threats to the business going forward. The economic growth in North American and major international markets could slow down due to rising interest rates, higher inflation, and elevated energy prices, among others.

Superior capital gains

TFI currently trades at \$134.44 per share and pays a modest but safe 1.11% dividend. However, the capital gains should be considerable if the holding is long term. The industrial stock has delivered superior gains in the last five (367.01%) and 10 years (852.61%). In March 2020, the price tanked to as low as \$23.52 but is now trading 417.6% higher.

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