



Here's the Next TSX Stock I'm Going to Buy

Description

BRP ([TSX:DOO](#)) is a Quebec-based company that designs, develops, manufactures, distributes, and markets powersports vehicles and marine products in Canada, the United States, and around the world. Today, I want to discuss why this is the next TSX stock I'm [looking to buy](#) in 2023. Let's jump in.

How has this TSX stock performed recently?

Shares of this TSX stock have climbed 3.2% year over year as of early afternoon trading on January 30. The stock has jumped 7% in the first trading month of 2023. That is an encouraging start for BRP in the new year. Investors who want a more detailed look can play with the interactive price chart below.

Here's why I'm excited about the powersports market

Powersports are a subset category of motorsports. These include vehicles like motorcycles, all-terrain vehicles, snowmobiles, personal watercraft, and scooters — all the types of vehicles that your parents would love to see your ride in your youth. The industry took a major hit during the COVID-19 pandemic, as demand for these vehicles and the activities connected to them cratered. Fortunately, there has been a steady recovery since the worst of the health crisis has waned.

Fortune Business Insights released a report on the future of the powersports market back in 2019. At the time, it estimated that the market was valued at US\$9.44 billion in the same year. Meanwhile, it forecasts that this market will grow from US\$8.76 billion in 2020 to US\$12.7 billion by 2027. That would represent a compound annual growth rate (CAGR) of 5.5% over the forecast period.

Should investors be impressed with BRP's earnings?

Investors can expect to see BRP's fourth-quarter (Q4) fiscal 2023 earnings in the month of March. It unveiled its Q3 FY2023 results on November 30, 2022.

BRP delivered revenue growth of 71% to \$2.70 billion in the third quarter of fiscal 2023. That represented a record single-quarter performance for the company. EBITDA stands for earnings before interest, taxes, depreciation, and amortization. This measure aims to give a better picture of a company's profitability. BRP delivered normalized EBITDA growth of 94% to \$488 million in the third quarter FY2023.

Retail sales for powersports products increased 43% compared to the prior year. Moreover, it posted market share gains for the side-by-side-product market in its North American market. It posted revenues of \$6.95 billion in the first nine months of fiscal 2023 — up from \$5.30 billion in the previous year. Meanwhile, gross profit rose to \$1.71 billion in the year-to-date period compared to \$1.52 billion for the year-to-date period in fiscal 2022.

This positive quarter inspired BRP to bolster its full-year guidance. It now expects full-year normalized earnings per share (EPS) between \$11.65 to \$12.00.

Why I'm looking to buy this TSX stock today

Shares of this TSX stock currently possess a [favourable price-to-earnings ratio of 12](#). It is trading in more attractive value territory than the industry average. BRP also offers a quarterly dividend of \$0.16 per share, which represents a modest 0.5% yield.

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