



Element Stock: Can This Top 2022 Gainer Keep the Momentum Going?

Description

Over the last year, stocks that managed to continue climbing higher and higher have been difficult to find. Yet it's not as if they didn't exist entirely. In fact, one such TSX stock that was a top gainer in 2022 was **Element Fleet Management** ([TSX:EFN](#)).

Element stock gained 55% in the last year alone and continues to rise higher. So, let's look at why this company has been climbing and whether the momentum can continue in 2023.

Why the climb?

Element stock started its real climb about halfway through 2022. This came about as the company reported earnings after earnings that came well above estimates. However, if you worried that the transportation management company was slowing down, analysts aren't on board with that sentiment.

Element stock ended 2022 adding an insanely large contract with 16,500 new trucks and vans from Rentokil Terminix. This North American chain is the world's largest pest control company, with 1.5 million vehicles in service. It now boasts a five-year agreement to help manage the company.

What's more, it doesn't look as if the company will slow down even during a [recession](#). By outsourcing vehicles with the use of Element stock, companies can save cash. This is especially helpful during a downturn and creates more opportunities for Element stock in the future.

More growth in 2023

Not only does Element stock then expect its business to expand but rapidly. In 2023 alone, it forecasts sales to grow between 6% and 9%. Meanwhile, profit should increase between 7% and 12%. And yet, the stock remains well undervalued, despite all this growth in the last year.

The problem is that investors are underestimating the company and its ability to handle a recession. People are buying into it, sure, but are still being careful. While a recession could hamper growth,

analysts believe it won't be eliminated altogether.

So, with the TSX stock predicting 2023 revenue between \$1.14 and \$1.17 billion, analysts are sure the company will continue to expand through winning over new client deals — something it's been excellent at during the last year. And with a 99% customer retention rate, that is excellent news for investors.

Even more moves already

The company has also attracted new clients and investors through a few means. First, it's been shifting towards electric vehicle use, helping the company with new business. By 2023, the company hopes to have between 40% and 60% of its fleet with battery-operated vehicles.

Yet there was a dip recently, as Element stock announced its current chief executive officer Jay Forbes plans to retire. Instead, he will be replaced with Laura Dottori-Attanasio come mid-February, who has worked in senior roles in the financial sector for years.

With so much movement underway, a rising share price, though a small dip at your fingertips, it might be a good time to consider Element stock today — especially while it offers a 2.15% dividend yield and trades at just 2.27 times [book value](#).

Shares of Element stock are up 53% in the last year and 3% since the beginning of 2023.

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Author

alegawolfe

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