



## Is This Canadian Dividend Aristocrat About to Take Flight?

### Description

**Bird Construction** ([TSX: BDT](#)) is a member of the Canadian Dividend Aristocrats, an index that tracks an exclusive group of companies that have followed a policy of consistently increasing dividends annually for at least the last five years.

With the Canadian government's recent announcement of the new \$14 billion New Building Canada Fund, is Bird Construction about to take flight?

### New Building Canada Fund

With the New Building Canada Fund, the federal government has committed to investing \$14 billion in infrastructure over the next 10 years. The plan will fund a wide range of projects in areas including transportation, public transit, drinking water, wastewater, and trade corridor-related infrastructure.

Every potential project worth more than \$100 million must undergo an evaluation to determine if it would be better delivered as a public private partnership, or P3, project.

### Public private partnerships

P3 projects offer innovative ways to finance large public infrastructure projects during a time when much of North America's infrastructure needs repair, and government budgets are increasingly strained.

A P3 infrastructure project is funded and operated through a joint effort of government and private business. Governments grant a right to companies to design, develop, build, operate, and maintain an infrastructure asset, often for decades. In exchange for assuming financial, technical and operational risk, the private businesses earn a fair rate of return on their investment.

### Is Bird Construction set to take flight?

Long considered one of Canada's leading companies for its strong returns on capital and shareholder equity, Bird Construction is also well regarded for delivering an annual profit for 20 consecutive years.

It's a leader in P3 delivery, with projects underway or complete in nearly half of Canadian provinces.

The oil and gas sector is an area where the P3 delivery model has frequently been employed to deliver infrastructure projects, and a market where Bird has competed successfully for many years. This expertise is now being leveraged to deliver a wide range of infrastructure projects across the country. And Bird's well regarded ability to manage large, complex projects is particularly important as the P3 process requires the construction company pay interest on any schedule overruns.

### **Foolish bottom line**

Though the Federal government has touted the significance of the New Building Canada Fund, the reality is that much of the funding for the program only becomes available near the later part of the 10-year program horizon. It will take some time for Bird, and its investors, to benefit from the \$14 billion fund established to revitalize Canada's infrastructure.

And with a trailing price-to-earnings ratio of 48.7, and a forward P/E ratio of 15.2, both significant premiums over their five year averages, now may not be the right time to initiate a new position in Bird's stock. But with a dividend yield of 5.5%, this stock is one that should be on the watch-list of any income seeking investor.

### **CATEGORY**

1. Investing

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