



## 3 Reasons Why Aecon Group Inc. Is a Good Buy

### Description

**Aecon Group Inc.** ([TSX:ARE](#)) is the largest construction company in Canada, serving both the private and public sector across energy, mining and infrastructure segments.

The impressive portfolio of projects undertaken by the company and the predecessor companies that became Aecon include a number of Canadian landmarks, such as the CN Tower, Vancouver Sky Train, and Montreal-Trudeau International Airport.

The company has suffered from a slump in share price over the past year, with the stock dropping nearly 30% in the past year.

Before selling your stake in the company, let's talk a little about why you should invest in Aecon.

#### 1. Q2 Results show promise

Aecon reported second-quarter results for 2015 this week that surpassed analysts' expectations.

Among the items reported, revenue was up by \$78 million over the same quarter last year, and adjusted profit of \$12.2 million was reported, which was an improvement over the \$13 million loss in the same quarter last year.

Aecon is also set to end the 45.5% stake in the Quito International Airport concession. The sale should generate net earnings of nearly \$200 million for the company.

Analysts maintain a buy rating on the stock and, despite the slide in price over the past year, have issued a price target of up to \$18.

#### 2. The stock is starting to rebound

While the rest of the market and the loonie are reeling in from the aftereffects of China devaluing the yuan, Aecon has come out a winner. The stock was up nearly 10% in just one day, and this could be just the beginning of a rally on the stock given the better-than-expected quarterly results.

Aecon's quarterly dividend is currently set to \$0.10 per share, which isn't much in comparison to some of the other income-producing stocks. What makes Aecon fairly attractive, however, is the low price. Investors looking for growth will be pleased, and the added income from dividends is an added bonus.

### **3. Strong growth is expected—even with a slower economy**

During the quarterly results, Teri McKibbin, president and CEO of Aecon, stated, "We maintain a positive outlook for the second half of 2015 given our healthy backlog position, the substantial recurring revenue we have secured, and the solid margin profile for each of our segments."

When an economy slows, governments will make investments into infrastructure—this creates job and gives a kick-start to the economy. With the economy cooling off for some time now and every major city in the country crying out for improved infrastructure, Aecon is strategically situated to answer the call.

In my opinion, Aecon appears to be turning the corner over its temporary slump, which means it is, or will be, very soon in a prime position to be on an investor shopping list.

#### **CATEGORY**

1. Investing

#### **TICKERS GLOBAL**

1. TSX:ARE (Aecon Group Inc.)

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