



Is Another Bull Market Coming to Western Canada?

Description

Over the past year, shares of **Badger Daylighting Ltd.** (TSX:BAD) have performed very well, increasing in value in excess of 60%. The boot, the monthly dividend payments of \$0.03 per share were increased to \$0.033 in May 2016. Clearly, things are going in the right direction for this company. Shareholders have a lot to be happy about.

Badger Daylighting is based in Calgary, Alberta, with operations focused in the petroleum industry. The company does a variety of things focused around the excavation and removal of waste. One of the goals of the company is to be able to execute while ensuring a minimal amount of environmental destruction along the way.

While this name may not be of interest to every investor, it is still very important to accept what the company offers investors. In this rare case, it may be a lot more than just earnings and dividends.

Who leads?

First, investors sometimes need to be reminded that it is the market cycle which leads the business cycle, not the other way around. As an example, this would translate to a decline in stock prices before the government announces that the country is in a recession.

Let's get back to the company at hand.

Investors may be able to infer from the increase in the share price of Badger Daylighting that the economy in western Canada (where the company does a lot of business) is picking up.

Stuck in a slowdown for close to two years, the economy may now be in a position to pick up. Proof of this may be found in Badger Daylighting's revenues. During the final quarter of 2015, revenues topped the \$100 million mark only to fall to \$88 million during the first quarter of 2016. From there, revenues steadily rebounded to \$92 million during the second quarter, \$113 during the third quarter, and \$111 million during the fourth quarter of the year. Going into 2017, investors seemed to have high hopes for the company.

The company currently pays a monthly dividend of \$0.033 per share, and the annualized yield is slightly above 1%. While Badger Daylighting is clearly not a dividend play, management will at least have to pay a portion of the company's cash flow to shareholders on a regular basis. Management accountability is good for the shareholder!

When looking at this company for the first time, it is important to ask, "What am I giving (paying) and what am I getting?"

At this particular point in time, however, the share price may already have a lot of potential priced in. The result is that investors may want to look further down the line for companies offering better value.

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2. Investing

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