



2 Already Great Stocks Are Having a Hot August: Is it Time to Buy?

Description

Two equipment-manufacturing stocks which have already been having a good 2017 have continued to produce stellar results in August. Is it time to buy? Let's take a look at these two companies.

First off, we have Winnipeg-based **New Flyer Industries Inc.** ([TSX:NFI](#)), North America's largest transit bus and motor coach manufacturer. The company's net income grew 18.53% year over year for the most recent quarter to \$0.68 per share. It also boasts a net profit of 6.39% — among the best in the industry. New Flyer's return on equity is a solid 23.76%. Over the last three years, revenue growth has averaged 23.77% against an industry average of 17.35%. Earnings for the same period have also averaged a solid 58.34%.

The stock currently trades around the \$51 mark. Analysts expect it to trade over \$60 in the coming year. If they are right, there is room for this stock to grow. New Flyer also has an annual dividend of \$1.30 per share for a yield of 2.52% if you are looking for income.

New Flyer has announced a couple of deals recently that should keep company results heading in a positive direction. On August 15, New Flyer announced a deal to provide the city of Edmonton with 110 clean-diesel transit buses, with the option to purchase 120 more. And on August 16, the city of Winnipeg granted New Flyer a contract extension of 70 buses from the same line. Things are looking good for New Flyer right now.

Also based in Winnipeg, we have **Ag Growth International Inc.** ([TSX:AFN](#)), an agricultural equipment manufacturer. On August 10, the company reported better-than-expected results. Net income grew by 147.52% year over year for the quarter to \$0.70 per share. Net profit sits at 4.32%, which is good for its industry. Ag Growth reported that it expects record sales in the second half of 2017 due to strength in the Canadian markets and expected growth in U.S. and international sales. Order backlogs are also well above the backlog for 2016.

Ag Growth has some numbers that don't look quite as solid. Return on equity looks a little low at 10.50%, and over the last three years, revenue growth has averaged 14.22% annually, which is lower than the industry average of 17.35%. Earnings have also declined by an average of 10.25% over the

last three years.

Looking back on the positive side, the stock currently trades in the \$57 range, while analysts expect it to move into the \$67 range over the next year. If they are right, there is plenty of room for this stock to grow. Ag Growth also has an annual dividend of \$2.40 per share for an excellent yield of 4.20%.

Bottom line

Both companies are doing a lot of things right and are producing good overall results this year. They also appear to have room to grow in their stock prices. Both New Flyer and Ag Growth International are solid stocks to consider for any Foolish portfolio.

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