Invest in Infrastructure: Buy These 3 Stocks

Description

When the Liberal government won a majority in 2015, it promised to rebuild Canadian infrastructure in a bid to reinvigorate the broader economy. The government also promised to spend over $20 billion on the development of green infrastructure.

The federal government has taken a more active role in private infrastructure plans since the election. This has made for some awkward negotiations following the political shakeups seen in British Columbia and Alberta, as a number of key pipeline deals have been at risk of being scuttled.

On September 12, Finance Minister Bill Morneau reiterated the intention of the government to invest more than $180 billion in infrastructure over the next 11 years. Although how this money will be spent remains unclear, let’s take a look at some companies that could benefit once the plan gets underway.

WSP Global Inc.

WSP Global Inc. (TSX:WSP) is a Montreal-based management and consultancy services company. WSP Global works with public and private planners, as well as other entities, to provide solutions with a focus on restoring the natural environment. The company released its second-quarter results on August 9. Revenue was up 11% to $1.7 billion, and net earnings increased 20.3% to $62.8 million. The board declared a quarterly dividend of $0.375 per share, representing a dividend yield of 2.9%.

WSP Global is one of the top consultancy firms in the world. Once the Canadian government moves forward with the planned record investment in infrastructure, the firm could play a big role in planning and development.

Stantec Inc.

Stantec Inc. (TSX:STN)(NYSE:STN) is an Edmonton-based consulting company with over 22,000 employees and 400 locations in North America. The stock is up 1.2% in 2017 and 14% year over year. The company has a large stake in energy solutions; the election of Donald Trump in 2016 served as a boost under the supposition that the administration would move forward with its pro-growth and pro-energy policies.

Stantec released second-quarter results on August 9. Revenue increased 26% to $1.05 billion and adjusted EBITDA experienced 22% growth to $18.9 million. The stock offers a dividend of $0.12 per share, representing a dividend yield of 1.5%.

Enbridge Inc.

Enbridge Inc. (TSX:ENB)(NYSE:ENB) has been in the headlines quite a bit recently. On September 11, the company was faced with a challenge from Minnesota's Department of Commerce regarding its Line 3 expansion. The Ontario government also served up some bad news for Enbridge, as it is now in the process of reviewing the East-West Tie Line because of higher-than-expected costs.

In spite of recent disappointments, the sheer volume of projects Enbridge has in its pipeline makes it a top prospect to benefit from public and private infrastructure planning. The stock has fallen 11.7% in 2017 and is down 14.1% year over year. The aforementioned headlines and oil's poor performance have contributed to the decline, but the stock still boasts a 4.9% dividend yield for investors seeking income in their portfolios. Even with all of the noise, I still like Enbridge going forward.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:STN (Stantec Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:STN (Stantec Inc.)
5. TSX:WSP (WSP Global)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/08/18
Date Created
2017/09/18
Author
aocallaghan