4 Construction and Infrastructure Stocks That Could Soar in 2018

Description

In Statistics Canada's report on GDP growth by industry for September 2017, it showed that construction activity rose 0.4% in the month. The report noted that the sector had seen growth in every month except for May since November 2016. Residential construction activity increased 1%, while repair construction was up 1.5%.

The federal government plans to spend more than $180 billion on Canadian infrastructure over the next 12 years. The government was able to earmark more for the program after an improved fiscal performance from Canada this year.

Let's take a look at several companies that could benefit from this massive effort as well as the increase in construction activity dating back to last year.

Aecon Group Inc. (TSX:ARE) is a Calgary-based construction company that provides services for the public and private sector. Aecon stock has increased 29.2% in 2017 as of close on December 5. The company released its third-quarter results on October 26.

Aecon reported $714 million in new contracts booked in the third quarter, including a $337 million project in British Columbia for a 7.6 km tunnel. The project is slated for completion in the summer of 2020. Year to date, Aecon has reported gross profit of $221 million compared to $210 million at the same time in 2016. The stock also offers an annual dividend of $0.38 per share, representing a 2.6% dividend yield.

Stantec Inc. (TSX:STN)(NYSE:STN) is an Edmonton-based design and consulting company. I've covered Stantec and the growth in the Canadian professional services industry. Shares of Stantec have increased 1.1% in 2017. In the third quarter, Stantec posted 3.3% revenue growth to $1.3 billion. The company will look to play a big role as both the Canadian and U.S. governments seek to boost infrastructure spending in the coming years.

The stock also offers an annual dividend of $0.50 per share with a 1.4% dividend yield.

WSP Global Inc. (TSX:WSP) is a Montreal-based management and consultancy services company. In a September article, I'd discussed why WSP Global was a good bet going forward with infrastructure spending rising. WSP Global released its third-quarter results on November 8.

Net revenues increased 8.1% to $1.28 billion and net earnings posted growth of 14.7% to $72.6 million. It also reported adjusted EBITDA of $160.4 million, which was up 9% from the prior year. Shares of WSP Global have climbed 32.7% in 2017. The stock also offers an annual dividend of $1.18 per share, representing a 2.8% dividend yield.

Snc-Lavalin Group Inc. (TSX:SNC) is a Montreal-based engineering and construction services company. The stock has declined 2.1% in 2017. Snc-Lavalin released its third-quarter results on November 2. The company posted net income of $103.6 million, or $0.59 per diluted share, compared to $43.3 million, or $0.29 per diluted share, in Q3 2016. Snc-Lavalin declared a dividend of $0.27 per share in the third quarter, representing a dividend yield of 1.9%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:STN (Stantec Inc.)
2. TSX:ARE (Aecon Group Inc.)
3. TSX:ATRL (SNC-Lavalin Group)
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
2025/06/30
Date Created
2017/12/06
Author
aocallaghan