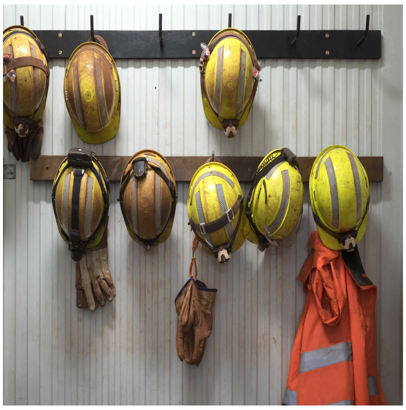

Canadian Manufacturing Surged in Late 2017: Look to These 3 Stocks Going Forward

Description

Ongoing NAFTA re-negotiations have stirred anxiety among investors when it pertains to the Canadian manufacturing sector. Statistics Canada released its GDP data for November 2017 on January 31, 2018. The big news was the growth in the manufacturing sector, which surged 1.8% in the month of November. This represented the biggest jump since February 2014, with non-durable manufacturing rising 1.1% and durable manufacturing up 2.5%.

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In this article, we will focus in on three companies that could benefit if Canadian manufacturing continues to demonstrate this kind of strength in 2018.

Winpak Ltd. (TSX:WPK)

Winpak is a Winnipeg-based manufacturer of packing materials. The packages and containers manufactured by Winpak are used to protect perishable foods and beverages and are used in healthcare applications. Winpak stock has dropped 8.1% in 2018 as of close on February 8 and is trading more than $18 off of the all-time high of $61.43 it reached in June 2017. Plastic and rubber products experienced a 3.1% increase in activity in November 2017.

In its 2017 third-quarter report, Winpak posted year-to-date revenue of $664.4 million in comparison to $606.9 million in the first nine months of 2016. Net income had also climbed to $82.2 million over $78.5 million in the prior year. In December, Winpak announced a fourth-quarter dividend of $0.03 per share, representing a 0.3% dividend yield.

Winpak is expected to release its fourth-quarter and full-year results for 2017 in February.

Stelco Holdings Inc. (TSX:STLC)

Stelco Holdings is a steel producer and seller based in Hamilton, Ontario. The stock dropped 2.92% on February 8, but shares are up 3.1% in 2018. Stelco made its TSX debut on November 3, 2017, and spiked 11% on its first trading day. The company only recently emerged from bankruptcy and staked ambitions as being a top supplier for the auto sectors in Ontario. Motor vehicle manufacturing jumped

14.3% in November 2017.

Stelco went through a restructuring and managed to eliminate $3 billion in debt. Shares have increased 38% from its IPO price of $17. In the 2017 third quarter, Stelco saw year-to-date revenue rise 16% to $1.15 billion and adjusted EBITDA soar 116% to $147 million. Operating profit also surged 663% year over year to $61 million compared to $8 million in the first nine months of 2016.

Linamar Corporation (TSX:LNR)

Linamar is a Guelph-based auto parts manufacturing company, the second largest in Canada. Linamar stock fell 3.21% on February 8 and has declined 6.9% in 2018. Motor vehicle parts manufacturing posted a 8.7% rise in activity in November 2017.

In January, the Canadian federal government and Ontario government announced that both would invest up to $100 million in Linamar in an effort to create more than 1,000 jobs going forward. Linamar saw sales jump 6.5% in the third quarter of 2017, and net earnings before non-recurring items and foreign exchange impacts rose 9.2%. The company also delivered a dividend of $0.12 per share, representing a 0.7% dividend yield.

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