



## 2 Dividend/Growth Stocks on Sale Today

### Description

Investors often are looking for steady, [reliable dividends](#) mixed with the potential for strong capital appreciation.

Here we have two stocks that fit the bill: **Badger Daylighting Ltd.** (TSX:BAD) and **Pason Systems Inc.** ([TSX:PSI](#)), with dividend yields of 1.95% and 3.74%, respectively.

These stocks have been weak as of late due mostly to [energy market](#) weakness, with Badger being down 23% in the last year, and Pason trading pretty much where it was trading in early 2015, even though the price of oil is at least \$10 higher per barrel.

But the companies themselves have remained top-notch performers, with solid management teams, competitive advantages, and financial discipline.

And with the price of oil strengthening lately (an improvement in the macro environment), and the companies continuing on their respective paths, investors are faced with an opportunity to grab these stocks while they are on sale.

### Badger Daylighting

The fact is that the company's hydrovac excavation services are in demand not only by the oil and gas industry, but also petro-chemical plants, power plants, and other large industrial facilities in North America. This gives the company good diversification and exposure to different industries.

And in while in the past, the company's exposure to oil and gas sector represented 50% of total revenues, it represented less in more recent quarters, as the oil and gas sector cut back its spending.

In the latest quarter, the third quarter of 2017, Badger reported revenue growth of 24.8% as a result of its U.S. operations, which saw a 36.2% increase in revenue. As a reminder, the U.S. represents 55% of total revenue.

The key here is that the company saw strong demand across geographies and end-use markets.

Longer term, management still has a goal of doubling the U.S. business over the next three to five years, as they continue to see opportunities for more uses for the hydrovac as well as geographic expansion.

## **Pason Systems**

Last year was profitable; revenue increased 53%, as the oil and gas sector rebounded, and the company benefited from increased activity and increased market share.

Adjusted EBITDA margins came in at 40% compared to 19% in 2016 as a result of economies of scale and cost reductions that the company instituted in the downturn. Finally, free cash flow increased 580% to \$68 million.

Of course, through all this, investors need to keep in mind that the company is still very vulnerable to the price of oil and gas, but at the end of the day, this is a high-quality company that is trading at far more attractive levels these days, and so the risk/reward relationship is very favourable.

## **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

## **POST TAG**

1. Editor's Choice

## **TICKERS GLOBAL**

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:PSI (Pason Systems Inc.)

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