4 Dividend Stocks That Belong in Your TFSA as Canadians Await Infrastructure Action

Description

The Trudeau government has come under fire in recent months, as it has failed to gain necessary traction on its promises of infrastructure spending. The Liberals have identified projects for $7.2 billion of the $14.4 billion making up phase one of the planned infrastructure program. The federal government pledged to spend at least $10 billion on infrastructure spending for 2016-2017 and 2017-2018, but budget reports indicate only $6.6 billion was spent in the two years, with the parliamentary budget officer indicating it may have been even less.

In the United States the Trump administration has also failed spectacularly on delivering the pledged $1 trillion infrastructure plan that was trumpeted by the president before and after his election. The International Monetary Fund (IMF) has maintained its growth outlook and is hopeful that the U.S. will be able to move forward on an infrastructure spending bill regardless of the outcome of the November midterms.

The lack of progress from both governments is frustrating considering the bipartisan support for infrastructure spending, but there is reason for optimism going forward. For one, governments and the private sector could have anxieties tempered if a NAFTA deal is reached in the near future. This may grease the wheels and lead to progress on the spending front.

As governments scramble to fulfill promises on spending, let's look at four dividend stocks that will benefit from a continued focus on building and construction going forward.

Stelco Holdings Inc. (TSX:STLC)

Stelco is a Hamilton-based steel company. Shares of Stelco rose 4.36% on April 18, as the company has reported a deal with United Steelworkers on a pension plan. The company reported rock-solid financials in 2017, as revenue climbed 23% from the prior year to $1.6 billion, and adjusted EBITDA soared 145% to $216 million. The company recently announced a quarterly dividend of $0.10 per share, representing a 0.5% dividend yield.

Finning International Inc. (TSX:FTT)

Finning is a Vancouver-based company engaged in the sale of equipment, power and energy systems, as well as rental and servicing of equipment to Canada, South America, the United Kingdom, and Ireland. Shares of Finning have climbed 0.63% in 2018 so far. In 2017, basic earnings per share rose to $1.31 over $0.38 in 2016 and annual free cash flow hit $165 million. The company announced a quarterly dividend of $0.19 per share, representing a 2.3% dividend yield.

Stantec Inc. (TSX:STN)(NYSE:STN)

Stantec is an Edmonton-based company that provides professional services to private and public entities in the area of infrastructure and facilities. Shares of Stantec have dropped 9.7% in 2018 so far. Net revenue and EBITDA fell 1.9% and 16.3%, respectively, from 2016 to 2017.

U.S. tax reform increased its tax expense by $31.2 million, but the company should receive a boon from the corporate tax reduction going forward. Consulting firms stand to benefit from increased infrastructure spending going forward. Stantec also declared a cash dividend of $0.1375 per share, representing a 1.6% dividend yield.

Brookfield Infrastructure Partners LP (TSX:BIP.UN)(NYSE:BIP)

Brookfield Infrastructure Partners owns and operates utilities, transport, and energy businesses across the globe. Shares have dropped 8.1% in 2018 so far. Funds from operations reached $1.17 billion compared to $944 million in the prior year with particularly strong growth in its utilities segment. The company declared a quarterly dividend of $0.47 per share, representing a 4.3% dividend yield.

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2. NYSE:STN (Stantec Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTT (Finning International Inc.)
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