



## 4 Manufacturing Stocks That Offer up a Tasty Dividend

### Description

Statistics Canada released its monthly survey of manufacturing for March 2018 on May 16. Total manufacturing sales rose 1.4% to \$57.1 billion in March, with sales rising in 13 of 21 industries. This comes amid a slew of positive data and an [encouraging rebound](#) for the S&P/TSX Composite Index in April and May.

The strong numbers should boost investor optimism in preparation for the second half of 2018. With that in mind, let's look at four manufacturing stocks that are worth targeting as we approach the end of May.

#### **SNC-Lavalin Group Inc. (TSX:SNC)**

SNC-Lavalin is a Montreal-based engineering and construction company. In Quebec, manufacturing sales climbed 2.9% to \$13.8 billion, as sales rose in the primary metal segment. Shares of SNC have dropped 3.1% in 2018 as of close on May 22.

The company released its first-quarter results on May 3. EBITDA in the first quarter of 2018 climbed 47% year over year to \$213.9 million. Adjusted net income also rose 47% to \$89.5 million, or \$0.51 per diluted share. The company announced the creation of two new global sectors: nuclear and clean power, which is another [reason for optimism](#) going forward.

SNC-Lavalin announced a quarterly dividend of \$0.287 per share, which represents a 2% dividend yield.

#### **Stella-Jones Inc. (TSX:SJ)**

Stella-Jones is another Quebec-based company, which produces and sells lumber and wood products. Shares of Stella-Jones have dropped 9.5% in 2018 so far. Sales were up 3.7% in wood product industries in March. Stella-Jones released its first-quarter results on May 3.

Sales climbed 0.5% year over year to \$398.8 million in the first quarter. In Q1 the company acquired Prairie Forest Products in Manitoba and Virginia-based Wood Preservers Incorporated. A higher

Canadian dollar weighed on sales, but Fed tightening south of the border and NAFTA anxiety could generate continued downward pressure in the latter half of 2018.

The company announced a quarterly dividend of \$0.12 per share, representing a 1% dividend yield.

### **Finning International Inc.** ([TSX:FTT](#))

Finning International is a Vancouver-based dealer and distributor of heavy-equipment and parts of the **Caterpillar Inc.** brand. Machinery sales were softer in March and dropped 1.7%, while new orders also fell. Finning released its first-quarter results on May 10.

Finning achieved earnings per share of \$0.42, which included insurance proceeds related to Alberta wildfires. Adjusted EPS were up 42% to \$0.39, and revenues climbed 19% from the prior year. The annualized dividend was hiked 5.3% to \$0.80 per share, representing a 2.3% dividend yield.

### **Domtar Corp.** ([TSX:UFS](#))(NYSE:UFS)

Domtar sells fibre-based products in pulp and paper and personal care segments. Its stock has dropped 3% in 2018 so far. In the first quarter, the company posted \$90 million in cash flow from operating activities and reported net earnings of \$54 million, or \$0.86 per share, compared to a \$386 million loss, or \$6.16 per share, in the prior year.

On May 9, Domtar declared a quarterly dividend of \$0.435 per share, representing a 3.5% dividend yield.

## **CATEGORY**

1. Investing

## **TICKERS GLOBAL**

1. TSX:ATRL (SNC-Lavalin Group)
2. TSX:FTT (Finning International Inc.)
3. TSX:SJ (Stella-Jones Inc. )
4. TSX:UFS (Domtar Corporation)

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1. Investing

## **Date**

2025/08/13

## **Date Created**

2018/05/23

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