



Revamping Ontario Transit Could Send This Stock Rocketing

Description

One of the best ways to see which infrastructure stocks are doing well is to turn off the computer and go for a walk. By taking a stroll past any major construction site, you'll notice a range of big names. From equipment companies to major energy players, you can literally see TSX index tickers in action.

One that seems especially prominent these days is **Badger Daylighting Ltd.** (TSX:BAD). While you've probably walked past its vehicles a hundred times, you might not have checked it out as a stock. Let's take a look and see if it's a buy.

Could Badger Daylighting clean up down the road?

With news that a major new Ontario government plan would extend subway lines out of the GTA and across the province, Canadian excavation companies look set to clean up in more ways than one.

Any time big construction projects get the green light, equipment companies get a boost. Stocks like Badger Daylighting could do very well, therefore, due to a transport revamp that would build subway lines out from Toronto and across Ontario, for instance. If you're looking at investing in Canada itself, rather than simply checking out ways to make money trading stocks, buying shares in infrastructure and construction services might be the way to go.

Badger Daylighting is one of the best construction stocks to invest in, with its sturdy track record and nearly perfect balance sheet. It provides services across Canada and the U.S. out of its headquarters in Calgary, and one of its major innovations is the Badger Hydrovac System — a mobile hydrovac unit that you've likely seen at construction sites. It also works with gas, electric, water, and telecom servicing projects, making it a major infrastructure player.

Overall, not such a bad stock

Badger Daylighting is a good stock to buy now ahead of top-down investment in transport and other nationwide renovations. Let's see what makes it one of the top TSX stocks to watch ahead of cash injections for the TTC and other industrial and commercial Ontario transit stakeholders.

In terms of value, its share price is a little over its future cash flow, at \$30.92 versus \$26.05. However, its P/E is a healthy 16.3 times earnings, which is quite a bit below the Canadian construction industry average, with other multiples being around where they should be. It's also got a 9% annual growth in earnings forecast, which, while not significantly high, does go some way to add to the stock's value.

The last three months have seen a rise in insider trading, with significantly more stock being bought than sold, further highlighting a positive outlook.

You may not expect a construction services stock to pay a dividend, but this one does. Staying loyal to Badger Daylighting will bring you a 1.75% yield, though you'd better act fast if you want to beat its buy limit of June 28.

The bottom line

While current future performance indicators do not qualify Badger Daylighting as a high-growth stock, the fact is that infrastructure overhauls could send some serious business its way. Throw in its great balance sheet and sturdy past performance, and this stock looks like a buy.

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