



This Soaring Canadian Stock Just Hit a 52-Week High!

Description

Investors looking for soaring stocks may be aware that **Badger Daylighting** (TSX:BAD) is hitting a 52-week high. The Canadian construction and infrastructure stock, favoured for its past performance, has enjoyed one-year returns of 29.2% to date, easily beating the Canadian construction industry's average contraction by 11.5%.

While some value-focused pundits have been on the fence with regards to [Badger Daylighting's](#) price, all can agree that this outperforming TSX Index star has an enviably clean balance sheet. Operating throughout Canada and the U.S., this Calgary-based company is renowned for its Badger Hydrovac System services and innovative, non-destructive construction solutions that work with a range of projects.

This stock's quality indicators paint a black-and-white picture

First up, what about that growth? A one-year past earnings growth of 80.2% beats the Canadian construction industry's 44.3% average growth and far outstrips its own five-year average past earnings growth of 9.2%, the latter figure matching the industry for the same period.

A PEG of 1.2 looks good next to a P/E of 16.5, and while a P/B of 3.5 might be somewhat high, the rest of the data for this stock suggest that it's worth the money. It's a clean ticker, with just 27.3% of debt relative to net worth, and pays a moderate dividend yield of 1.61%.

In terms of quality, Badger Daylighting's ROE of 21% is suitably large, while an EPS of \$2.04 pairs well with a 13.6% expected annual growth in earnings. Consistent growth is important in a dividend stock, especially one that's being held for the long haul.

While there are definitely better stocks on the TSX index for momentum, Badger Daylighting's share price saw an increase of 8.51% in the last five days. Meanwhile, its five-year beta of 1.31 relative to the market indicates middling volatility, and its share price is overvalued by about a fifth of its future cash flow value.

But what about its competitors?

Let's compare Badger Daylighting with **SNC-Lavalin Group** (TSX:SNC), a ticker that operates in the same space. Today's price shakes out two interesting ratios for [SNC-Lavalin Group](#): a P/E of 24.5 and (perhaps more importantly) a P/B of 1.7. A dividend yield of 2.46% dovetails nicely with a 39.5% expected annual growth in earnings, and its share price is discounted by 2% against the expected cash flow value.

Though this snapshot shows SNC-Lavalin Group stock as being a better buy than Badger Daylighting, both stocks are clearly worth having, with the latter getting a hold signal — after all, the stock looks like it still has some upside, and it's high enough quality to carry on holding onto for the dividends.

The bottom line

Overall, SNC-Lavalin Group has a better outlook than Badger Daylighting, is possibly more attractive in terms of value, and pays a higher dividend. While hunters of upside may want to pile on a soaring stock, investors looking for construction stocks on the TSX to buy right now may want to go for the well-valued passive income on offer from SNC-Lavalin Group instead. Alternatively, pair them together for a bold double-whammy of dividend stocks.

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