



This Construction Star Is a Dividend Stock You Can Build With

Description

There's a joke in Toronto that the region has two seasons: winter and construction. Now that winter is over (though let's not tempt fate), construction has started back up with a vengeance, with big projects underway seemingly everywhere you look. One of the biggest is the Eglinton-Crosstown LRT, though speedy new transit options are being planned for practically the whole city.

Vancouver has its own expansion projects, too, and Montreal has the Réseau express métropolitain (REM), to give just a couple of other major examples. Throw in the almost endless building work going on in cities across Canada, and it would certainly appear that construction is a booming industry worthy of investment.

A stock for (almost) all seasons

Serving Canada from its headquarters in Calgary, **Badger Daylighting** (TSX:BAD) is one of the first [construction stocks](#) that springs to mind at this time of year. With a strong track record and clean balance sheet, Badger Daylighting is perhaps best known for its innovative mobile hydrovac unit, the Badger Hydrovac System.

Climbing steadily since November, this may be one to watch for a dip. That opportunity may be on its way, since Badger Daylighting is down 2.71% in the last five days, possibly signalling the beginning of a dip, and presenting a slight (rare) value opportunity. This stock has been on a tear pretty much since the start of last year, apart from a notable nosedive during the summer, so any drop in the share price represents a possible entry point.

An eminently healthy ticker, Badger Daylighting can boast a debt-to-equity ratio of 0.28. The company has done a good job of bring down its level of debt compared to net worth over the past five years from 53.5% to a low-risk 35.6% today; that debt is also adequately covered by operating cash flow, adding to a would-be stockholder's peace of mind.

A low-risk, outperforming growth stock

In terms of performance, returns of 62.6% over the past 12 months have beaten the [Canadian construction industry](#) average by a considerable margin; indeed, Badger Daylighting has been pulling off this same feat for some time now, while maintaining lower share price volatility than its peers as a whole.

Going forward, a good current quarter is expected, while analysts are calling for an estimated 8.74% earnings growth by the end of this fiscal year. This trend should continue, with an average 28.3% annual growth in earnings expected over the next three years.

Investors who put faith in peer confidence may be interested to know that Badger Daylighting insiders have sold considerably more shares than bought them over the course of the last three months, though the past year has seen some fairly steady inside buying; related companies to consider as alternatives include the **Mullen Group** and **Secure Energy Services**.

The bottom line

Badger Daylighting is a smart investment idea for TSX index stockholders looking to cash in on big city developments. Urban expansion is going to be a focus for investment in the coming years, with not only new projects but also maintenance of existing infrastructure requiring ongoing work.

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