



Why it's a Mistake to Ignore These 2 Stocks!

Description

Stantec ([TSX:STN](#))([NYSE:STN](#)) is a global engineering and construction firm based out of Edmonton. The company extends consulting services on engineering, design, and geomatics. According to Engineering News-Record, Stantec is ranked 10th best out of 150 global design firms.

As of Q2 2019, Stantec has an order backlog of \$4.3 billion and experienced organic revenue growth of 2.3%. It's always a good sign when a company can grow without having to spend capital on acquisitions. Stantec also pays a consistent dividend of 1.9%.

The company has a [global footprint](#) which insulates Stantec from shocks. Stantec's community design expertise is well positioned in the European Union (E.U.) given the E.U.'s priority on developing a low-carbon, circular economy.

Regardless of which political party wins the Canadian election, there will be spending on energy, whether conventional or renewable. Stantec's extensive experience with the energy sector positions the company well to receive those contracts.

If the next Canadian government increases spending on infrastructure, Stantec will have a boost in revenues. For example, Stantec extends bridge inspection and maintenance services. It's not a flashy service but a much-needed one that governments can't ignore. As recently as August 23, 2019, an under-construction overpass in Québec City collapsed. In April 2019, the government of Saskatchewan instructed four municipalities to put weight restrictions on newly constructed bridges out of concern they would collapse.

There's an opportunity for investors to ride the swings in price as well as to hold onto the stock for the longer term.

Based out of Calgary, **Badger Daylighting** (TSX:BAD) extends non-destructive excavation services for buried pipes and cables. The company has a one-year total return of 54.5%, which outperformed the Canadian construction industry, which had a one-year total return of -24.3%. Badger Daylighting issues dividends of 1.35%.

The company's stock price has seen steady growth since 2012. In Q2 2019, Badger Daylighting experienced an 11% increase of revenue from its American operations and 7% decline in its Canadian operations compared to Q2 2018. Overall, there was a 9% year-on-year increase of revenues.

The company has a strong footprint across Canada and is growing [Badger Daylighting's](#) presence in the United States. Badger Daylighting is very good at positioning the company's assets throughout the country to provide fast service. The company owns an extensive fleet of vehicles, enabling Badger Daylighting to win large municipal contracts.

According to the Canadian Urban Transit Association, Canada needs to invest \$74.9 billion on urban transit by 2022. Badger Daylighting uses non-destructive excavation means, giving Badger Daylighting a competitive advantage to work in cities. The company's non-destructive technology causes fewer disruptions for residents and reduces operational costs.

The Canada Infrastructure Bank recently approved \$71 million funding for planning of a Via Rail dedicate track project between Toronto and Montréal, a \$2 billion expansion of Toronto's GO Transit rail network, and a \$1.28 billion electric-rail project in Montréal. These projects are terrific opportunities for Badger Daylighting given the company's expansive network of vehicles and expertise with railroads. When track gets laid, the work will be done in tight spaces and high-traffic areas. There will be a need for a light footprint. Badger Daylighting can meet those needs.

Why choose these two companies and not other engineering companies? One obvious political reason is that neither company has been involved in a political scandal. When either of these companies wins a public contract, the public won't raise concerns about how the contract was awarded.

Both companies have market capitalizations of over \$1 billion and can bid on large contracts and service them without issue.

Keep an eye out on these companies, and if the next government puts more money into infrastructure, expect the value of these stocks to increase.

CATEGORY

1. Investing

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2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:STN (Stantec Inc.)

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