



Value Investors: 1 Industrial Conglomerate to Own

Description

Stantec ([TSX:STN](#))([NYSE:STN](#)) is a [global design and engineering firm](#) that collaborates across disciplines and industries to bring buildings, energy and resources, environmental, water, and infrastructure projects to life. The company provides services in engineering, architecture, environmental sciences, project management, and project economics in all phases of the project lifecycle.

In 2020, Stantec remained active internationally and gross revenue from the company's operations was \$836.4 million. The company performs work and has permanent offices in the United Kingdom, Europe, Australia, New Zealand, and the Caribbean. Each in-country project is examined to ensure that any health, safety, security, or political risks are acceptable. Each major project has an [executive leadership sponsor](#) and is formally reviewed.

Diverse business segments

Stantec offers services through five business operating units. Within each business operating unit, the company responds to the needs of clients from various sectors through several primary service offerings.

The building segment provides pre-design, design, and construction administration services in planning, sustainability, and building performance for vertical infrastructure, primarily for private sector and institutional clients. The energy segment provides industrial engineering services for private sector energy, resource, and power clients.

The environmental services segment provides planning and permitting services for private sector clients, and remediation activities for clients. The infrastructure segment provides engineering services, and the water segment provides traditional planning, engineering, design, and construction management services.

Strategic growth

Stantec has the potential to be a top global design firm that maximizes long-term, sustainable value. The company aims to grow and diversify sustainably for the benefit of clients, employees, and shareholders. The company's diverse business model allows it to adapt to changes in market conditions by offsetting decreased demand for services in one business operating unit or geographic location with increased demand in another.

This strategy helps it mitigate risk while continuing to increase revenue and earnings. Historically, the first and fourth quarters generally have the lowest revenue generation and project activity because of holidays and weather conditions in the northern hemisphere, but the company's diverse business model allows it to adapt to these slowdowns.

Provider of knowledge-based solutions

Stantec serves many diverse clients in the private and public sectors and aims to establish ongoing relationships with clients that are likely to produce repeat business. The company works on tens of thousands of projects for clients in hundreds of locations, thereby ensuring that it does not rely on a few large projects for revenue generation.

In consulting services, Stantec provides knowledge-based solutions through value-added professional consulting services. It offers a range of pricing structures to clients but usually provides services based on a fixed or variable-fee contract. Most assignments are acquired because of the company's expertise and contacts while others are obtained through a competitive bidding process.

By offering integrated expertise and services across the project lifecycle, Stantec provides clients with a vast number of project solutions. This integrated approach enables the company to execute a sound operating philosophy by maintaining a world-class level of expertise, which the company supplies to clients through the strength of local offices.

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