



Value Investors: 1 Infrastructure Stock to Own for 10 Years

Description

Badger Daylighting (TSX:BAD) is North America's largest provider of [non-destructive excavating services](#). Badger works for contractors and facility owners in a broad range of infrastructure industries. These market segments consist primarily of infrastructure projects in areas such as energy generation, electricity and natural gas transmission networks, roads and highways, telecommunications, water and sewage treatment, and general municipal infrastructure.

Customers in these segments typically operate near high concentrations of underground power, communication, water, gas and sewer lines, particularly in large urban centres, where safety and economic risks are high and therefore non-destructive excavation provides a safe alternative for certain customer excavation requirements.

Valuable technology

The company's key technology is the Badger Hydrovac, which is used primarily for [safe excavation around critical infrastructure](#) and in congested underground conditions. The Badger Hydrovac uses a pressurized water stream to liquefy the soil cover, which is then removed with a powerful vacuum system and deposited into a storage tank.

Badger manufactures and designs the company's truck-mounted hydrovac units, giving Badger the opportunity to incorporate feedback from hydrovac operators into the company's existing and future design and manufacturing processes. Badger's business model involves the provision of excavating services through two distinct business methods.

Expanding into new geographic areas

For the first method, Badger has established corporate-run operations, whereby it markets and delivers services in local areas directly. For the second method, Badger works with the company's operating partners in specific geographic markets to provide Badger Hydrovac services to the end user. In this partnership, the company provides certain operational and training expertise, the Badger Hydrovacs,

and North American marketing and administration support.

The operating partners deliver the service by operating the equipment and all work is invoiced by the company, with revenues shared with the operating partner based upon a revenue sharing formula. In the earlier phase of growth and development, Badger frequently used operating partners to expand the company's business into new markets; as such, Badger's operating partners were an important part of Badger's operations. However, the company now largely pursues expansion into new geographic areas through the company's own operations.

Diverse operating locations

Badger has a diverse and expansive network of operating locations throughout both Canada and the United States. The company services over 150 service locations or areas across both Canada and the U.S., with operations in six Canadian provinces and over 40 U.S. states. The extensive branch network is a key differentiator from the company's competitors.

Competition in the hydrovac market typically consists of smaller hydrovac operators, which may service a specific location or a small operating area. Badger's scope and scale of the company's branch network is a key aspect of Badger's business, providing the company with the ability to service customers across multiple regions while also providing the opportunity to optimize the company's fleet.

The company has successfully demonstrated the merits of relocating Badger Hydrovacs during the downturn in the oil and gas markets throughout 2015 and 2016 in addition to Badger's ability to provide large scale emergency response services to customers after natural disasters such as hurricanes or floods. Long-term shareholders of this stock should do well.

CATEGORY

1. Investing

POST TAG

1. canada

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada

Date

2025/08/26

Date Created

2021/04/18

Author

nikhilwaterloo

default watermark

default watermark