1 of the Best Canadian Stocks to Buy Remains Super Undervalued

Description

As the economy recovers, there are a few industries that continue to hit the headlines where Motley Fool investors should consider placing their money. But this has driven share prices higher than they necessarily should be. It's why, right now, I'm looking for Canadian stocks to buy in other industries set to climb but that aren't necessarily as obvious.

One is the construction and infrastructure sector. This area is due for a major boost with the COVID-19 vaccination rollout. Production came to a halt during the pandemic. Yet lately, with vaccinations underway, there has been a major increase in construction projects. This is likely only to increase not just because of the pandemic ending but also because of a strong economic recovery over the next decade.

Should that be the case, one of the best Canadian stocks to buy today could be **Aecon Group** (TSX:ARE).

Market-beating performance

Aecon Group recently delivered its 13th consecutive EBITDA-beating numbers, with management stating it looks like an "encouraging" rest of the year. Management reported an adjusted EBITDA of $61 million for the quarter. This beat analyst estimates of $53 million by 15%!

This comes from both organic and non-organic projects underway. This would include opportunities in Canada and the U.S. and even down south in Bermuda, where its Bermuda Airport project is underway. Another area of growth is through its acquisition pipeline, providing several growth opportunities.

But, of course, there's also the ramp-up of construction on regular projects, as there is a substantial backlog from the pandemic. On top of this, the company has recurring revenue programs likely to come back online. These stable projects alone make it one of the best Canadian stocks to buy today.

Strong future performance

But if you're a regular Motley Fool investor, you want to know if this is a good long-term investment. The last point of recurring revenue should get you partway there. However, estimates for the company remain strong for years to come. For 2021 alone, it's estimated Aecon could see annual revenue of $4 billion. This *excludes* any large projects it may take on during the year, along with recurring revenue growth or acquisitions.

Already in 2021, Aecon has taken on two large contracts. This includes the advance tunnel project in Toronto, and a sewage treatment plant upgrade in Winnipeg. It's also looking into a nuclear contract at Bruce Power. That makes the $4 billion estimate a conservative one.

Aecon remains one of the top Canadian stocks to buy as the economy rebounds, though it remains a cheap one. The stock currently boasts a 13.21 price-to-earnings ratio. Shares are up 42% in the last year, and it has a 3.5% dividend yield. Shares have climbed at a compound annual growth rate of 12.83% in the last two decades, and its dividend by 12.34% in the last decade.

Bottom line

Analysts predict an average potential upside of 15% in the next year alone, but again that's a conservative estimate. As the company consistently beats analyst estimates, it wouldn't be unheard of for the company to grow even further. It remains a strong value stock, and one of the best Canadian stocks to buy for strong immediate and future growth for Motley Fool investors.

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