



## This Top TSX Stock Just Became a Must-Buy in October

### Description

Motley Fool investors likely know it can be hard to figure out what's valuable and what's not. While you can certainly take fundamentals into consideration for a top **TSX** stock, there is so much more to look at. The future outlook and historical performance provide clues, but really there is no telling what Mr. Market is bound to do in the near and distant future.

But for some companies, growth is practically guaranteed. This comes from solid industries that are set to explode in the near term that will likely remain strong for the long term. One such industry I would consider is the construction sector. If you find a diversified company, this can be your ticket to greatness. And that's what I'm going to focus in on today.

### Fairly valued...for now

**ATCO** ([TSX:ACO.X](#)) is a top TSX stock I would consider, even though it remains in fairly valued territory as of writing. Shares of the stock are up 17% year to date but have fallen by about 6% in the last three months. There was initial excitement that the end of the pandemic would mean the start of future growth projects. And that's true! But then the excitement waned, providing further opportunity.

During the most recent quarter, ATCO announced earnings were higher than predicted. Its adjusted earnings were up 14% year over year, coming largely from work under a 15-year contract in Puerto Rico's electricity and transmission distribution system. There was also work that positively impacted earnings in Australia.

Furthermore, the TSX stock saw multiple awards for further contracts. This includes a \$13 million contract from the B.C. government, a supply contract for mining in Nunavut, and several energy awards or joint ventures that should bring in years of revenue.

### So why the hold-up?

Why aren't Motley Fool investors getting in on this TSX stock? Analysts believe the stock will continue

to perform well, along with the rest of the sector. But recent news puts that into question, especially ahead of earnings.

ATCO announced another investment in the energy sector, but this time it will be moving to clean energy. The top TSX stock acquired the rights to build two solar installations in Calgary, creating the largest solar installation in a major urban centre in Western Canada.

This is only one of the latest acquisitions for solar projects. The company is looking to the future while it has support from growth at present in the energy sector. That will be in large part from solar.

## Foolish takeaway

And that's why this is a solid TSX stock to buy for Motley Fool investors. It has the future well in hand, while the present is supported by growth. Shares are set to continue to climbing, even during this market volatility. So now is a solid time to pick up the stock during a slight pullback in the overall market.

With a P/E ratio of 22, EV/EBITDA of 10.7, and P/B of 1.2, it's almost a [value](#) stock. Plus you get the added bonus of a 4.34% [dividend](#) yield! So I would pick up this top TSX stock and never let go as you continue to take in cash.

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**Date**

2025/09/26

**Date Created**

2021/10/13

**Author**

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