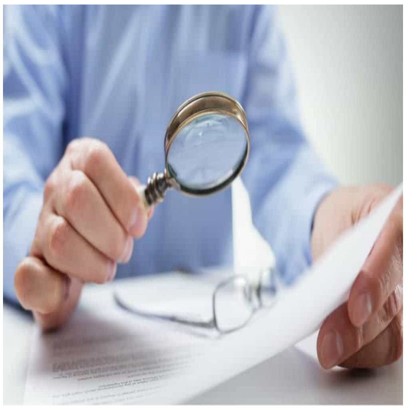

West Fraser Stock: A Sneaky Growth Stock No One Talks About

Description

Canadian investors continue to seek out a solid growth stock on the **TSX** today, especially after this year full of loss. But along with growth, investors want strong dividends. And yet no one is mentioning **West Fraser Timber** (TSX:WFG)(NYSE:WFG), which currently has both.

Today, we're going to get into West Fraser stock and see why not only is it a solid company to hold now but the perfect play during today's market downturn.

An industry staple

Shares of West Fraser stock are down year to date. But the fall has been far less dramatic than many other companies. Shares are down 14% year to date, with shares falling last week before starting to rebound once more. Over the weekend alone, shares recovered 6% with the market rebound. And that could come from its position as a necessary stock.

West Fraser stock is in the timber industry, and that is a strong industry to be in during a poor economic situation. Timber is used for everything from paper to buildings, and that makes it a necessary product that the world simply cannot be without.

And we've certainly seen this during the company's earnings reports.

Latest earnings growth

West Fraser stock has seen massive growth lately, even during poor weather conditions — never mind poor market conditions. The growth stock saw net profit climb 64% from the same time in 2021 to US$1.09 billion. This came despite transportation issues, mill challenges, and supply-chain demands.

Revenue for the company increased 33% to US$3.11 billion in the first quarter of 2022. It wasexpected to earn US$2.93 billion in revenue, beating estimates. What's exciting is that, despiteweather challenges, it managed to create strong demand, and that looks to continue down the line.

The biggest long-term issue would be the rise in interest rates for the growth stock. This could lead to lower home construction and wood building products. While there is a risk, it should also be noted that there is a backlog by many construction companies to build projects, so investors shouldn't be too concerned.

Dividend jump

Meanwhile, West Fraser stock just increased its dividend by 20% during the latest earnings report. It now offers a dividend yield of 1.59% for investors. That comes to $1.53 per share on an annual basis. Furthermore, you can pick up the dividend while the company still offers incredible value.

Right now, West Fraser stock trades at just 2.52 times earnings. It trades at a price-to-book ratio of just 0.82, and its debt-to-equity ratio sits at 0.07! So, it has more than enough equity to cover its debts, providing investors with strong value if they were to pick up the stock today.

Finally, you could see shares climb by 54% in the next year, if analysts are right in their consensus price target. So, if investors were to put $5,000 towards West Fraser stock, they would get a dividend of $77.27, along with potential returns of $2,778 in share growth.

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