



Start 2020 With This Value Stock

Description

WSP Global ([TSX:WSP](#)) is one of my top stocks for a buy and hold for any RRSP and TFSA. WSP Global employs 48,000 people worldwide, has a market capitalization of \$9.5 billion, pays an annual dividend of 1.25%, and has a five-year total return of 171%.

I love companies that build and invest in the future of a society. More specifically, I love companies that build the next-generation way of how people interact in their communities, forward-looking infrastructure, and renewable energy systems. WSP Global fits ticks all of the boxes.

Let's look at the Canadian market. Traffic congestion is increasing throughout Canada. Vancouverites waste between 34% to 65% of their commute times due to congestion. The annual cost of traffic congestion in Vancouver is \$1.2 billion a year. The overall cost of traffic congestion in Toronto is \$3.3 billion per annum.

When so much money is lost to congestion, saddled by the downward pressures of a recession, more and more governments will take steps to ease congestion. I expect more businesses to put pressure on government to ease congestion because of tightening business conditions, increased costs, and lost productivity from workers who can't make it to work on time. One example of this is **Amazon's** new warehouse outside of Ottawa. Many employees turned down job offers because of lack of public transport to the location.

WSP Global has designed infrastructure to reduce congestion around Montréal. The company can leverage this experience to win similar contracts throughout the world.

CBC reported Canada's infrastructure spending has fallen behind by \$123 billion. The United States's infrastructure deficit is US\$4.5 trillion. There's an upshot to all of this. Between now and 2023, the total global infrastructure spending on smart cities will reach US\$189.5 billion. Who do you think will win those contracts? Companies that patch holes and maintain existing infrastructure or companies that combine different layers of [technologies to re-engineer](#) social spaces to enhance usability, profitability, and user interaction with a space?

My money's on the latter.

Let's get back to basics — the money. In July 2019, WSP won a US\$335 million FEMA-supported project.

Looking at the global picture, WSP has a bright future. Here's what gives WSP a global advantage. Asian countries need to spend US\$1.7 trillion per year in infrastructure spending to maintain current growth rates. That's US\$26 trillion total between now and 2030. WSP Global has deep roots in Asia with over 40 years of consulting experience in the region.

Here's something most people don't think about when it comes to infrastructure and Asia. Asia uses 65% of the world's water supply, and about 30% of the people in Asia face water scarcity. Water shortages and infrastructure deficits pose serious challenges to governments who want to drive up standards of living and push further industrialization. Here's where WSP Global can step in. The company has over 130 years of experience dealing with water, wastewater, and water infrastructure. The company brings a unique blend of technical experience and regional experience to the table.

In 2010, the world's largest cities, cities with more than 25 million people, were distributed across the continents. By 2100, the world's largest cities will be in India and bordering countries and sub-Saharan Africa. Those cities face a current energy infrastructure deficit, and the gap will increase between now and 2100. What's more, cities with over 50 million people will be all in sub-Saharan Africa. WSP already has an extensive presence in southeast Asia and has a presence in South Africa. Not to mention, the company has been [successful](#) in expanding to Latin America.

Another factor to consider is the company's consistent and impressive organic growth numbers. The company has consistently grown organically since 2008. In 2010, WSP grew organically by 9.6%. In 2017, the figure was 6.2%. In 2018, organic growth was 3.5%. Don't let the diminishing trend fool you. There has been a lull in infrastructure spending, and that spending must increase to deal with shortages, congestion, and the need for smart infrastructure.

This stock is for investors looking to make money by building the future.

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