



# Stantec Inc. (STN)

Updated May 17<sup>th</sup>, 2026, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$77	<b>5 Year Annual Expected Total Return:</b>	20.3%	<b>Market Cap:</b>	\$8.82 B
<b>Fair Value Price:</b>	\$113	<b>5 Year Growth Estimate:</b>	11.0%	<b>Ex-Dividend Date:</b>	06/30/2026
<b>% Fair Value:</b>	68%	<b>5 Year Valuation Multiple Estimate:</b>	7.9%	<b>Dividend Payment Date:</b>	07/15/2026
<b>Dividend Yield:</b>	0.9%	<b>5 Year Price Target</b>	\$190	<b>Years Of Dividend Growth:</b>	14 <sup>1</sup>
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Stantec Inc. provides professional consulting services in the field of infrastructure and facilities internationally. This includes services in engineering, architecture, interior design, environmental sciences, project management, and project economics. The company also undertakes water provision, transportation, and public works such as transportation planning and traffic engineering. Finally, it serves the urban regeneration, infrastructure, education, and waste industries. Stantec generated \$4.73 billion in revenues last year and is based in Edmonton, Canada. All figures in this report have been converted to U.S. dollars.

On May 13<sup>th</sup>, 2026, Stantec reported its Q1 results for the period ending March 31<sup>st</sup>, 2026. For the quarter, net revenues were about \$1.24 billion, up 9.1% year-over-year, driven by 3.6% organic growth and 7.2% acquisition growth. Adjusted net income rose to about \$111.1 million, an increase of 14.6%, with project margins at 54.0%. On a per-share basis, adjusted EPS was about \$0.97, up 14.7% year-over-year.

Stantec's contract backlog reached about \$6.57 billion at March 31<sup>st</sup>, 2026, up 13.2% year-over-year, representing roughly 13 months of work. Backlog growth included 9.1% acquisition growth and 5.4% organic growth, with notable contributions from the Buildings business following the Page acquisition and strong momentum in the Global region, where organic backlog growth reached 21.8%.

Management reaffirmed its 2026 outlook, expecting net revenue growth of 8.5% to 11.5% and adjusted EPS growth of 15% to 18% compared to 2025. The company also guided for adjusted EBITDA margin of 17.6% to 18.2%, reflecting continued strong project execution and disciplined cost control. Based on this, we estimate FY2026 adjusted EPS of about \$4.51, derived from FY2025 adjusted EPS of C\$5.30 and multiplied by 1.165 (the midpoint of guidance times the CAD/USD rate of \$0.73).

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.91	\$0.68	\$0.31	\$1.34	\$1.21	\$1.43	\$1.64	\$2.15	\$2.20	\$3.06	<b>\$4.51</b>	<b>\$7.60</b>
<b>DPS</b>	\$0.34	\$0.40	\$0.40	\$0.45	\$0.49	\$0.52	\$0.53	\$0.59	\$0.58	\$0.66	<b>\$0.71</b>	<b>\$0.95</b>
<b>Shares<sup>2</sup></b>	107.0	114.0	113.7	111.6	111.6	111.2	110.9	111.2	114.1	114.1	<b>114.1</b>	<b>105.0</b>

Stantec has been growing its revenues consistently over the past two decades, riding the wave of increased spending in infrastructure, net zero-designed buildings, and green energy. EPS lagged from 2016 to 2019, as the company took advantage of its increased operating cash flows to acquire other companies and reinvest back into its business. With scaling, EPS has also started to accelerate over the past few years, and it should continue to do so as the company's margins undergo an expansion phase. We expect an EPS medium-term growth of 11%, powered by the global trend of increased spending in green energy, smart cities, ecosystem restorations, and clean infrastructure. The company has grown its dividend annually in its original CAD reporting since initiating one in 2012. However, in its NYSE listing, dividend growth has lagged due to the Canadian dollar's prolonged depreciation against the USD. This applies to the

<sup>1</sup> Based on the original Canadian listing.

<sup>2</sup> Share count is in millions.

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company's EPS performance as well. We expect DPS growth of around 6% in the medium-term, lower than Stantec's latest DPS hike, assuming the company retains sufficient cash to reinvest towards its future prosperity.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
<b>Avg. P/E</b>	35.2	50.9	103.2	23.1	32.2	33.5	28.7	25.6	35.4	32.0	<b>17.1</b>	<b>25.0</b>
<b>Avg. Yld.</b>	1.1%	1.2%	1.3%	1.5%	1.3%	1.0%	1.1%	1.0%	0.7%	0.7%	<b>0.9%</b>	<b>0.5%</b>

Stantec's P/E ratio has fluctuated wildly over the past decade due to volatile EPS for the reasons mentioned earlier. Note that all historical P/E figures relate to the company's GAAP metrics, which are usually affected by one-off events. In any case, we believe the stock's valuation of about 17 times the expected FY2026 adjusted EPS significantly undervalues the name in our view. Stantec's solid backlog provides predictability and global infrastructure spending remaining robust. The yield remains low despite Stantec's dividend growth.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

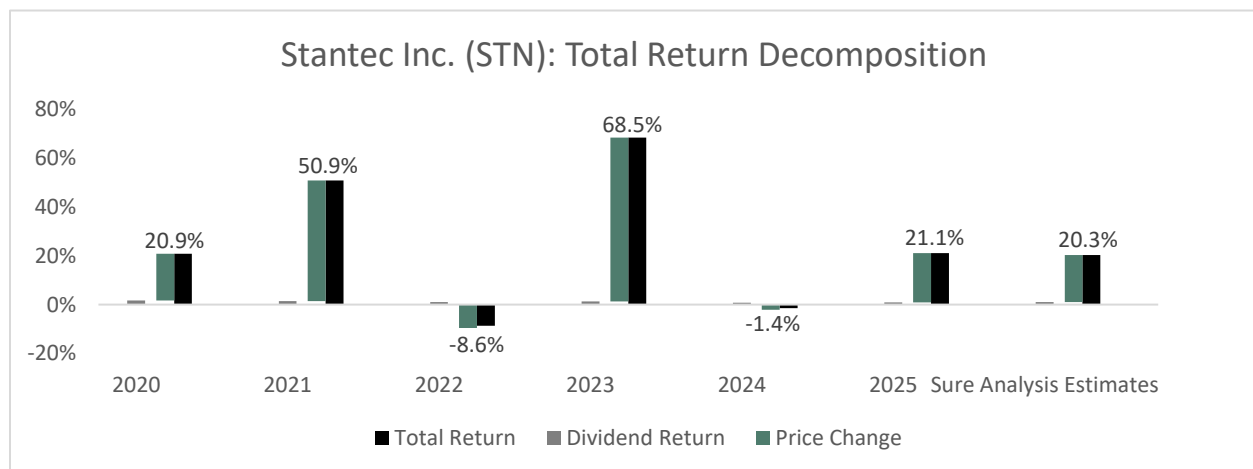
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>Payout</b>	37%	59%	129%	34%	40%	36%	32%	27%	26%	22%	<b>16%</b>	<b>13%</b>

We consider Stantec's dividend very safe. Not only is the payout ratio quite healthy, but EPS is growing at a faster rate than DPS. Further, the company reports high depreciation and amortization levels. Hence, the dividend is covered by an even wider margin from cash from operations. Additionally, Stantec showcases great operational qualities, such as its year-long worth of revenues of backlog, which should be able to sustain a stable performance if demand for its services faces temporary headwinds. We can't identify and particular competitive advantages, though the company's massively wide array of services could make it a more desirable option for future clients against its competitors, which operate in smaller, fragmented markets. Due to having a strong backlog and due to infrastructure and water revenues being secured under long-term contracts, we believe that financials will remain resilient under a potential recession, as was the case during the Great Financials Crisis. Financials remained excellent during the COVID-19 pandemic as well.

## Final Thoughts & Recommendation

Stantec exhibits an extended record of excellent shareholder value creation. The company is operating in an industry with favorable growth catalysts ahead, which should result in higher financials and a solid backlog going forward. We forecast annualized returns of 20.3% in the medium-term. Stantec earns a hold rating. American investors should be wary of the FX fluctuations between the USD and CAD, which could sway returns either way.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	3,247	3,109	3,306	3,637	3,530	3,651	4,364	4,799	5,471	5,829
<b>Gross Profit</b>	1,266	1,359	1,401	1,513	1,441	1,566	1,858	2,033	2,331	2,274
<b>Gross Margin</b>	39.0%	43.7%	42.4%	41.6%	40.8%	42.9%	42.6%	42.4%	42.6%	39.0%
<b>SG&amp;A Exp.</b>	1,008	1,086	1,110	1,080	1,010	1,135	1,339	1,441	1,668	1,773
<b>D&amp;A Exp.</b>	96	---	---	---	---	177	218	210	232	252
<b>Operating Profit</b>	162	177	202	252	260	254	301	382	431	536
<b>Operating Margin</b>	5.0%	5.7%	6.1%	6.9%	7.4%	7.0%	6.9%	8.0%	7.9%	9.2%
<b>Net Profit</b>	99	75	37	146	128	160	190	245	264	343
<b>Net Margin</b>	3.0%	2.4%	1.1%	4.0%	3.6%	4.4%	4.4%	5.1%	4.8%	5.9%
<b>Free Cash Flow</b>	166	154	---	---	---	276	176	329	368	566
<b>Income Tax</b>	38	128	42	54	43	50	60	71	76	98

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	3,178	3,088	2,944	3,492	3,442	4,099	4,165	4,581	4,847	5,805
<b>Cash &amp; Equivalents</b>	156	190	130	171	224	152	109	266	159	290
<b>Accounts Receivable</b>	549	594	569	603	551	618	728	766	894	1,556
<b>Goodwill &amp; Int. Ass.</b>	1,689	1,447	1,372	1,433	1,455	2,006	1,965	1,997	2,188	2,784
<b>Total Liabilities</b>	1,712	1,578	1,543	2,055	1,929	2,529	2,480	2,503	2,795	3,441
<b>Accounts Payable</b>	270	292	163	173	171	167	221	265	312	367
<b>Long-Term Debt</b>	757	588	686	674	538	982	959	869	976	1,836
<b>Shareholder's Equity</b>	1,465	1,508	1,400	1,436	1,512	1,570	1,684	2,078	2,052	2,364
<b>LTD/E Ratio</b>	0.52	0.39	0.49	0.47	0.36	0.63	0.57	0.42	0.48	0.79

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	4.1%	2.4%	1.2%	4.6%	3.7%	4.3%	4.6%	5.6%	5.7%	6.5%
<b>Return on Equity</b>	8.1%	5.0%	2.5%	10.3%	8.7%	10.4%	11.7%	13.0%	13.5%	15.6%
<b>ROIC</b>	5.7%	3.5%	1.7%	7.0%	6.1%	7.0%	7.3%	8.8%	9.2%	8.9%
<b>Shares Out.</b>	107	114	113.7	111.6	111.6	111.6	111.1	111.2	114.1	114.1
<b>Revenue/Share</b>	30.25	27.18	29.04	32.61	31.54	32.71	39.29	43.14	47.97	51.10
<b>FCF/Share</b>	1.55	1.35	---	---	---	2.48	1.59	2.96	3.22	4.96

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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