

3 Growth-Focused Industrial Stocks to Buy Today

The escalating scale of industrial activities is projected to bolster the industrial equipment and machinery sector in the upcoming years. Given this backdrop, fundamentally strong industrial stocks Alamo Group (ALG), The Japan Steel Works (JPSWY), and Enerpac Tool Group (EPAC) could be wise investments now. Read on...

The unprecedented surge in global industrial activities, the steadfast demand for superior products, and enhanced production processes are poised to keep the industrial machinery sector resilient in the forthcoming years.

Therefore, investors could benefit by adding growth-focused industrial machinery stocks Alamo Group Inc. (ALG), The Japan Steel Works, Ltd. (JPSWY), and Enerpac Tool Group Corp. (EPAC) to their portfolios now.

Despite geopolitical instability, the Fed's consistent rate hikes, and the continued apprehensions surrounding a potential recession, the industrial sector has demonstrated remarkable strength and is poised to maintain its resilience, thanks to the sweeping surge in global economic activities. Industrial production in the United States grew 0.7% year-over-year in June.

Additionally, the Asia-Pacific region is undergoing rapid industrialization, driving market demand for advanced automated industrial machinery. The surge in demand is set to strengthen the overall growth trajectory of the industrial machinery sector.

Alongside this, technological advancements are providing supplementary benefits to the industry. Manufacturers are increasingly embracing breakthrough technologies such as the

Internet of Things (IoT), Artificial Intelligence (AI), data analytics, and robotics to enhance the productivity and efficiency of their industrial machinery.

For instance, the Industrial Internet of Things (IIoT), which refers to IoT technologies in the industrial sector, including manufacturing, transportation, energy, and other industries, is anticipated to keep the industrial machinery market resilient.

Furthermore, supportive governmental policies like the Inflation Reduction Act, Bipartisan Infrastructure Law, and the CHIPS and Science Act will deliver the required push to boost domestic manufacturing. The global industrial machinery market is projected to reach \$708.30 billion by 2027, growing at a CAGR of 6.7%.

Therefore, fundamentally robust industrial machinery stocks ALG, JPSWY, and EPAC could be worth adding to your portfolio.

Alamo Group Inc. (ALG)

ALG designs, manufactures, distributes, and services vegetation management and infrastructure maintenance equipment for governmental, industrial, and agricultural uses worldwide. It operates through two segments: Vegetation Management and Industrial Equipment.

On July 3, ALG's board of directors declared its quarterly dividend of \$0.22 per share, payable to the shareholders on August 1. The company has paid dividends for 29 consecutive years.

The company pays an annual dividend of \$0.88 per share, translating to a 0.44% yield on the current share price. Its four-year average dividend yield is 0.44%. The company's dividend payouts have grown at a CAGR of 18.1% over the past three years and 14.3% over the past five years.

ALG's trailing-12-month asset turnover ratio of 1.13x is 41.6% higher than the industry average of 0.80x. Likewise, its trailing-12-month ROCE, ROTC, and ROTA of 15.08%, 9.04%, and 8.17% are 8.1%, 28.8%, and 58.6% higher than the industry averages of 13.94%, 7.02%, and 5.15%, respectively.

ALG's revenues have grown at 10.1% and 8.3% CAGRs over the past three and five years, respectively. Moreover, its EBIT and net income have grown at 17.8% and 22.7% CAGRs over the past three years, respectively.

ALG's total net sales increased 13.7% year-over-year to \$411.77 million for the fiscal first quarter that ended March 31, 2023, while its gross profit stood at \$112.51 million, up 29.9% from the prior-year quarter. The company's income from operations came in at \$49.02 million, up 68.4% year-over-year.

ALG's net income and net income per common share increased 80.6% and 80% year-over-year to \$33.35 million and \$2.79, respectively. Moreover, cash and cash equivalents for the quarter stood at \$109.32 million, up 29.7% from the year-ago quarter.

Analysts expect ALG's revenue and EPS for the fiscal third quarter ending September 2023 to come in at \$404.08 million and \$2.77, up 9.6% and 28.2% year-over-year, respectively. It surpassed the consensus revenue and EPS estimates in three of the trailing four quarters, which is impressive.

Over the past year, the stock has gained 63% to close its last trading session at \$197.86. The stock gained 39.7% year-to-date.

ALG's strong fundamentals are reflected in its POWR Ratings. The stock has an overall B rating, which indicates a Buy in our proprietary rating system. The POWR Ratings assess stocks by 118 different factors, each with its own weighting.

ALG has a B grade for Growth, Momentum, Stability, and

Sentiment. Within the A-rated Industrial – Machinery industry, it is ranked #20 out of 79 stocks.

[Click here](#) to see ALG's additional POWR Ratings (Value and Quality).

The Japan Steel Works, Ltd. (JPSWY)

Headquartered in Shinagawa, Japan, JPSWY provides industrial machinery products and material and engineering businesses in Japan and internationally. It operates through Industrial Machinery Products Business and Material and Engineering Business segments.

The company pays an annual dividend of \$0.21 per share, translating to a 1.88% yield on the current share price. Its four-year average dividend yield is 2.13%.

JPSWY's trailing-12-month cash per share of \$8.93 is 335% higher than the industry average of \$2.05.

JPSWY's revenues have grown at 3.2% and 2.3% CAGRs over the past three and five years, respectively. Moreover, its net income and total assets have grown at 8.8% and 5.4% CAGRs over the past three years, respectively. Also, its tangible book value grew at 7.2% and 6.5% CAGRs over the past three and five years, respectively.

JPSWY's net sales increased 11.7% year-over-year to ¥238.72 billion (\$1.71 billion) for the fiscal year that ended March 31, 2023, while its gross profit stood at ¥49.38 billion (\$353.31 million), up 3.3% from the prior-year period. Profit attributable to the owners of the parents and earnings per share stood at ¥11.97 billion (\$85.67 million) and ¥162.75, respectively.

For the same period, JPSWY's net cash provided by investing activities stood at ¥947 million (\$6.78 million), compared to net cash used in investing activities of ¥2.98 billion (\$21.29

million) in the fiscal year that ended March 31, 2002.

Analysts expect JPSWY's revenue for the fiscal second quarter ending September 2023 to come in at \$486.06 million, up 15.8% year-over-year. Its revenue for the fiscal year ending March 2024 is expected to increase 68.3% year-over-year to \$1.95 billion.

Over the past three months, the stock has gained 18.9% to close its last trading session at \$10.95. The stock gained 9.5% year-to-date.

JPSWY's positive outlook is reflected in its POWR Ratings. The stock has an overall rating of B, equating to Buy in our proprietary rating system.

JPSWY has a B grade for Growth, Value, Momentum, and Sentiment. It is ranked #15 within the Industrial – Machinery industry.

To access JPSWY's ratings for Stability and Quality, click [here](#).

Enerpac Tool Group Corp. (EPAC)

EPAC manufactures and sells a range of industrial products and solutions in the United States, the United Kingdom, Germany, Australia, Canada, China, Saudi Arabia, Brazil, and internationally. It operates through Industrial Tools & Services (IT&S) and other segments.

The company pays an annual dividend of \$0.04 per share, translating to a 0.14% yield on the current share price. Its four-year average dividend yield is 0.18%.

EPAC's trailing-12-month levered FCF margin of 15.67% is 198.8% higher than the industry average of 5.24%. Likewise, its trailing-12-month gross profit margin of 49.28% is 65.2% higher than the industry average of 29.83%.

EPAC's EBIT has grown at 40.3% and 4% CAGRs over the past three and five years, respectively. Moreover, its EBITDA and tangible book value have grown at 28.6% and 143.3% CAGRs over the past three years, respectively.

For the fiscal third quarter that ended May 31, 2023, EPAC's net sales increased 2.9% year-over-year to \$156.25 million, while its gross profit grew 8.1% year-over-year to \$77.86 million. The company's operating profit came in at \$25.44 million, up 282.9% year-over-year.

EPAC's net earnings and earnings per share increased 653.5% and 633.3% year-over-year to \$12.38 million and \$0.22, respectively. Moreover, cash and cash equivalents for the quarter stood at \$142 million, up 14.8% from the year-ago quarter.

For fiscal year 2023, EPAC expects its net sales to come in the range of \$590 million to 600 million, and adjusted EBITDA is expected to come in between \$123 million and \$130 million.

Over the past year, the stock has gained 42.5% to close its last trading session at \$28.11. The stock gained 16.5% over the past six months.

EPAC's POWR Ratings reflect a robust outlook. It has an overall rating of A, equating to a Strong Buy in our proprietary rating system.

EPAC has B for Growth, Momentum, and Quality. It is ranked #12 within the same industry.

Beyond what we have highlighted above, one can see EPAC's additional POWR Ratings for Value, Stability, and Sentiment [here](#).

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Discover 10 widely held stocks that our proprietary model shows have tremendous downside potential. Please make sure

none of these “*death trap*” stocks are lurking in your portfolio:

10 Stocks to SELL NOW! >

ALG shares were unchanged in premarket trading Friday. Year-to-date, ALG has gained 40.27%, versus a 19.64% rise in the benchmark S&P 500 index during the same period.

**About the Author: Sristi Suman
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The stock market dynamics sparked Sristi's interest during her school days, which led her to become a financial journalist. Investing in undervalued stocks with solid long-term growth prospects is her preferred strategy. Having earned a master's degree in Accounting and Finance, Sristi hopes to deepen her investment research experience and better guide investors.

More...

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