3 High Flyers You Won't Want to Miss

Description

On Tuesday, only four days before the start of summer, **Bank of Nova Scotia** held its Spring Growth Conference, featuring companies from a wide range of industries. Below we take a look at three interesting companies from the conference.

1. Gildan Activewear

It's been a great couple of years for branded apparel manufacturer **Gildan Activewear** (TSX: GIL)(NYSE: GIL) and its shareholders — in 2012 and 2013, the stock returned 91% and 57% respectively. But is the company now overpriced?

It very well may be. The stock is trading at about 20 times earnings, even after a record year. Partly due to that high multiple, the dividend yield is a measly 0.73%.

However, Gildan still has plenty of growth drivers. It can continue to grow its printwear business, especially internationally; last year, international markets accounted for only 7% of sales. The company is also aggressively marketing its consumer brands, which carry a big opportunity. Finally, Gildan is targeting $100 million in cost savings through manufacturing improvements. If the company can execute on all these issues, then a 20 times P/E ratio might soon seem like a bargain.

2. Linamar

Shareholders of auto parts manufacturer **Linamar** (TSX: LNR) have also struck it rich recently — over the last five years, the shares have returned nearly 44% per year. There are two other things Linamar has in common with Gildan: ambitious growth plans and an expensive stock.

Linamar's growth ambitions are long-term, but still very daunting; the company hopes to reach $10 billion in revenue by 2020. Last year revenue totaled only $3.6 billion, so the company's target would require growth of nearly 16% per year. However, this is not outside of the realm of possibility, as over the past four years, revenue growth has averaged 21% per year.

That being said, the shares are still somewhat pricy, trading at a higher multiple than companies like **Magna**

. However, just like Gildan, Linamar's share price will seem like a bargain if it can execute on its growth plans.

3. Cervus

Just like the first two companies, agricultural equipment dealer **Cervus** (TSX: CVL) has been on a nice run in recent years, with its shares returning 24% per year over the past five years. Unlike the first two, though, Cervus' shares have lagged more recently, down 15% so far in 2014.

However, Cervus is still a great franchise, with a fantastic network of dealerships. The company has grown very quickly, with sales compounding at 32% per year over the past decade. Now that the stock price has fallen to 13.5 times earnings, insiders have started buying up the shares.

Of the three companies above, Cervus is likely the one most deserving of a spot in your portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GIL (Gildan Activewear Inc.)
2. TSX:GIL (Gildan Activewear Inc.)
3. TSX:LNR (Linamar Corporation)

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