



## 2 Growth Stocks to Double Your Money

### Description

If you're looking for total returns, you've come to the right place. A growing business is one that becomes more profitable and valuable over time.

Growth stocks are businesses with above-average growth that should be sustainable for at least the next few years.

The real average market returns are 7% after inflation, and the nominal returns are 10% including inflation. So, growth stocks should be growing their earnings per share (EPS) by at least 10% per year.

If you invest for a return of 10%, it'll take about 7.2 years to double your money. By aiming to invest for a higher rate of return, it should take fewer than 7.2 years to double your money, given that you don't overpay for growth.

Here are two quality companies with above-average growth potential.

**Alimentation Couche-Tard Inc.** (TSX:ATD.B) is a global convenience store leader based in Canada. It has about 8,000 stores across North America, 2,200 stores in Europe, and 1,500 franchised or licensed stores in 13 regions or countries in other parts of the world.

It has been an outstanding convenience store operator and integrator, consolidating the Canadian market in the 1980s and 1990s, entering the U.S. market in 2001, and expanding into Europe since 2012.

Couche-Tard's ability to acquire and integrate successfully is evident by its strong and consistent growth. From 2010 to 2015, it increased its EBITDA at a compound annual growth rate (CAGR) of 23.7%, and its free cash flow increased at a CAGR of 28.6%.

Since Couche-Tard has essentially traded sideways in the past year, it now trades at a reasonable multiple of 19.5 at about \$54 per share, and its EPS growth is expected to be about 13% per year in the next three to five years.

**AmerisourceBergen Corp.** (NYSE:ABC) is one of the big three pharmaceutical distributors in the U.S along with **Cardinal Health** and **McKesson**.

It earns annual revenues of more than \$135 billion and is ranked #16 on the Fortune 500 list. It has a strong S&P credit rating of A- and debt-to-cap of 65%.

AmerisourceBergen helps healthcare providers and pharmaceutical and biotech manufacturers improve patient access to products and enhance patient care. Its services include drug distribution, niche premium logistics, reimbursement, pharmaceutical consulting services, and more.

The pullback from its 52-week high of US\$115 to US\$81 per share offers a decent entry point, as the company now trades at a multiple of roughly 15.1 with expected EPS growth of about 11% per year in the next three to five years.

## Conclusion

Both Couche-Tard and AmerisourceBergen are excellent investments to consider for total returns.

If Couche-Tard's multiple remains constant and its 13% growth rate materializes, investors can double their investment in about 5.5 years.

AmerisourceBergen yields 1.7%. If its multiple remains constant and its 11% growth rate materializes, on top of the dividend, investors can double their investment in fewer than six years.

## CATEGORY

1. Dividend Stocks
2. Investing

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