# Growth Investors: 2 High-Growth Stocks to Add to Your Portfolio

## Description

Dividends stocks are great for consistent and regular income, but, unfortunately, those types of investments are not where you can maximize your returns. You don't need to pull out a calculator to know that investing in **Apple Inc.** 10 years ago would yield you a much a greater return than a dividend stock that pays even 10% annually. The problem is, finding those stocks is no easy task, and many times you may find a dud that yields you a loss instead.

In trying to find those types of stocks, you might be tempted to look at high-risk venture stocks that, in many cases, have better odds of being delisted than of exploding in share price. However, the allure of the possibility exists and is likely similar to the reasons why people continue to play the lottery.

The stocks I've compiled here are not high-risk venture stocks, nor are they high-tech stocks that I think will explode tomorrow. Instead, the stocks below have shown strong sales growth over the years, and I believe they could give you an excellent opportunity to net strong returns from the potential that these companies have.



**New Flyer Industries Inc.** (TSX:NFI) is a bus manufacturer in North America which has seen tremendous growth over the years. From $873 million in revenue for 2012, the company has grown to over $2.2 billion in sales in its most recent fiscal year for an increase of 160% in just four years. The company has grown profitably as well with profits of just $10 million in 2012 increasing to $125 million in 2016. New Flyer has seen an improvement in its profit margins as well, increasing from 1% four years ago to over 5% in its most recent fiscal year. As long as transit is needed and the population continues to grow, New Flyer will have plenty of growth opportunities.

A popular ratio for high-growth companies is the PEG ratio, which divides price to earnings by the annual growth to determine how good of a value the company's stock is. With earnings per share of $2.39 in the trailing 12 months, New Flyer is trading around a multiple of 21 times its earnings. The company has seen earnings per share grow from $0.22 in 2012 to $2.08 in 2016 for an average growth rate of 75% per year, which would yield a PEG ratio of just 0.28. A PEG ratio under one considers a stock to be undervalued, and New Flyer is well under that amount.

**Northland Power Inc.** (TSX:NPI) is a power producer which has also seen significant growth in the past few years. With just under $1.1 billion in revenue for its last fiscal year, the company has grown over 50% from last year and is almost double the $557 million it recorded in 2013. Unfortunately, Northland Power has not had consistency in its bottom line with two of its last five years being unprofitable and another near breakeven.

However, we can use operating income growth to calculate the PEG ratio, and there we see an average growth rate of 45% per year. With a price-to-earnings ratio of over 19 and a growth rate of 45, Northland Power's PEG ratio would equal just 0.42.

**CATEGORY**

1. Dividend Stocks
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**TICKERS GLOBAL**

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2. TSX:NPI (Northland Power Inc.)

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djagielski