

3 Stocks That Are Leaders in Growing Industries

Description

It is important for investors to target quality companies as well as those that exist in growing industries. Those with a long-term outlook need to identify trends to maximize returns in their portfolios. Investors who identified the explosive rise of smartphone, streaming, and biotech markets have reaped huge rewards since the 2007-2008 financial crisis.

Let's look at three companies today that stand to gain from industries that have experienced impressive growth this decade.

Dollarama Inc.

Shares of **Dollarama Inc.** ([TSX:DOL](#)) have climbed 38.5% in 2017 and 33.5% year over year as of close on September 25. The dollar and variety store industry has experienced annualized growth of 4.3% since 2012. This has been a reality in the United States as well, with new dollar store operators entering the industry. Companies formerly catered specifically to low-income clientele but have broadened the reach to middle and upper-middle consumers.

For Dollarama, this has yielded tremendous success. Most recently, Dollarama expanded in March to start taking credit card purchases from customers as well as selling \$4 items. The company was expected to take initial operating costs that could hurt earnings, but second-quarter results released in September showed big wins at the checkout for credit card purchasers and the higher priced items performed well.

Magna International Inc.

Magna International Inc. ([TSX:MG](#))([NYSE:MGA](#)) stock has surged 10% since releasing its second-quarter results on August 11. Magna is a Canadian automotive supplier based in Aurora. Magna recently announced that it would expand its aluminum casting facility in its Alabama facility. The green-energy revolution has spiked demand for vehicles with lower carbon dioxide emissions. This move is designed to meet that demand as vehicle light weighting improves fuel economy.

Beyond this, Magna has also expanded into the rapidly expanding Asia markets as North America has seen its auto sectors slow somewhat in recent years. Magna reported all-time record sales of \$9.68 billion in the second quarter — up 3%. The stock offers a dividend of \$0.35 per share, representing a dividend yield of 2.1%.

The company has the potential to see massive growth from its expansion in Asia as well as its move to benefit from consumer demand for lower carbon emissions from their vehicles.

Enercare Inc.

Enercare Inc. ([TSX:ECI](#)) is a Canadian provider of home energy solutions, including heating and air conditioning. Heating and air conditioning manufacturing and installment has seen consistent growth

for many years and continued to perform well in the last five years.

Enercare released its second-quarter results on August 8. Revenue climbed 40% from Q2 2016 to \$342 million, though this was driven mainly by the acquisition of Service Experts by Enercare. Home services saw heating, ventilation, and air conditioning rental transactions grow by 18%. Sales installations increased by 14% and the home services division reported its eighth consecutive quarter of net growth.

Shares of Enercare have increased 13.6% in 2017 and 6.7% year over year. The stock also boasts an attractive dividend of \$0.08 per share, representing a 4.7% dividend yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:MG (Magna International Inc.)

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