

3 Gems Seeing Explosive Growth

Description

In a market where it is getting harder to find attractively valued stocks, I have taken a step back and tried to find overlooked companies that are not only attractively valued, but that are also in the midst of explosive growth, particularly cash flow growth.

The combination of these two factors has the potential to be a gold mine for investors.

Here is what I found:

Evertz Technologies Limited ([TSX:ET](#))

Evertz designs, manufactures, and markets video and audio infrastructure solutions for television, telecommunications, and new media industries. This is an industry that is experiencing rapid change, and Evertz is well positioned to benefit from these changes.

In the company's latest quarter, the first quarter of fiscal 2018, revenue increased 25% and free cash flow increased to \$29 million from \$19 million last year for a 52% increase.

In fact, that company has been free cash flow positive for many years now, reflecting the low capital intensity of its business.

As such, the balance sheet is clean, and the dividend yield is 3.93%.

SSRM Mining Inc. ([TSX:SSRM](#))([NASDAQ:SSRM](#))

While this one is in a riskier space, that is, gold and silver mining, the fact is that the shares are attractively valued and the company is a top-notch performer.

SSRM has had an impressive performance in the last few years, with strong cash flow generation and strong cost control. Its 2016 operating cash flow was \$171 million; in the first quarter of 2017, operating cash flow increased 87% year over year to \$37.9 million; and in the second quarter, it was \$69 million.

The best part of this story is that the company has also been free cash flow positive.

Trading at a price-to-cash flow ratio of just six times, with industry-leading margins and returns, a healthy balance sheet with \$353 million in cash, and a debt-to-total-capitalization ratio of just 19 times, the shares are a good buy for investors wanting exposure to gold.

Exco Technologies Limited ([TSX:XTC](#))

Exco is one of those companies that has been a steady, well-run company over its history, and shareholders have been rewarded with regular dividend increases.

In a recent quarter, the company increased its dividend by 14%. In fact, the company has a really strong history of dividend increases. Since 2012, the dividend has grown at a cumulative average growth rate of 18% from \$0.14 per share in 2012 to \$0.32 currently.

The company also has a good history of generating solid free cash flow numbers. In the latest quarter, the company generated free cash flow of \$42 million — an 82% year-over-year increase.

The dividend yield is 3.28%.

Bottom line

In short, I believe that growth at these companies will continue, because they have all shown that they are focused on the right things, and they therefore have a rich history of shareholder value creation.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Tech Stocks

TICKERS GLOBAL

1. TSX:ET (Evertz Technologies Limited)
2. TSX:XTC (Exco Technologies Limited)

PARTNER-FEEDS

1. Msn
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Author

karenjennifer

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