3 Growth Stocks to Consider in 2018

Description

The S&P/TSX Index shot above the 16,000-point mark once again on November 20. A solid bank earnings season could put the index in a great position to finish 2017 on a high note. Cannabis stocks have been the big story in the fall of 2017, but today I want to focus on three growth stocks in different industries.

Badger Daylighting Ltd. (TSX:BAD) is a Calgary-based company that provides non-destructive hydrovac excavation services. The stock has fallen 12.1% in 2017 as of close on November 20 and 4.9% year over year. Disappointing earnings have hurt the stock over the past year. The company released its 2017 third-quarter results on November 13.

Revenues climbed 24.8% to $141.2 million compared to $113.1 million in the third quarter of 2016. Net profit rose to $16.2 million over $11.9 million in the previous year. Badger has seen particularly strong demand for its hydrovac services in U.S. markets.

Badger stock has increased 349% since making its January 2011 debut on the TSX. It also offers a dividend of $0.04 per share with a 1.6% dividend yield. Coming off of a solid third quarter, Badger may be an attractive play moving into 2018.

Stantec Inc. (TSX:STN)(NYSE:STN) is an Edmonton-based professional services company specializing in design and consulting. In a recent article, I'd focused on Stantec as a top target as the professional services sector has shown impressive growth in Canada. Shares of Stantec have increased 4.6% in 2017 as of close on November 20.

Stantec released its third-quarter results on November 9. Gross revenue grew by 3.3%, and four of its five business operating units saw improvement in the quarter. Buildings rose 3%, energy and resources increased 5.7%, infrastructure was up 2.8%, and environmental services grew 2%. With Canada planning to move forward on increased infrastructure spending, Stantec remains a great bet heading into next year.

Investors can also scoop up income as the stock offers a dividend of $0.12 per share with a 1.4% dividend yield.

Freshii Inc. (TSX:FRII) is a Toronto-based casual restaurant franchise geared towards health-conscious customers. The stock has declined 49% since its initial public offering price of $11.50 on January 31. Shares initially experienced momentum and hit a high of $15.09 in the late winter before successive earnings damaged investor sentiment.

The company has been forced to scale back its growth strategy in the U.S., reducing the number of new stores in an adjusted forecast in September. In an October article, I'd discussed if Freshii could buck the trend moving forward. Although Freshii faces challenges, it is not uncommon for a new company to make adjustments to its growth strategy early on.

Freshii posted its third-quarter results on November 2. The company saw same-store sales growth of 5.1% compared to Q3 2016, Freshii also raised its same-store sales growth outlook to 5% in 2017 from 3-4%. The company expects growth closer to the latter range in fiscal 2018 and 2019. Priced below $6 as of this writing, Freshii stock is well positioned to reverse its fortunes in 2018.

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