Beat the Market With These 3 High-Growth Stocks This Year

Description

Every investor wants to own stocks that don't just rise with the market but beat it in the long run. When the market falls, such stocks may not fall as much; and if they do, they are likely to recover quickly. Net effect: you end up with big returns over time.

Waste Connections Inc. (TSX:WCN)(NYSE:WCN), **Shopify Inc.** (TSX:SHOP)(NYSE:SHOP), and **Teck Resources Ltd.** (TSX:TECK.B)(NYSE:TECK) are beating the TSX so far this year and should continue to do so thanks to the growth catalysts backing them.

Waste Connections: 100% returns in three years

On good days or bad, we continue to generate waste, which is why a stock like Waste Connections can remain resilient even during a down cycle.

Waste Connections is the third-largest solid waste company in the U.S. Between 2013 and 2017, the company more than doubled its revenue and adjusted free cash flow (FCF). The growth has a lot of steam left.

Waste Connections reported a whopping 37% jump in revenue and 45% jump in adjusted net income (excluding a big one-time tax benefit and impairment) for fiscal 2017 and gave an encouraging outlook for 2018.

Waste Connections has consistently generated higher FCF than net income, which, in my view, is a solid sign of financial fortitude. Management has also increased dividends every year since 2010 and is committed to long-term dividend increases. The stock has doubled in just three years and should continue to be a winner regardless of what the market does.

Shopify: Up 51% year to date

No matter how loud critics shout against Shopify, there's no denying that the cloud-based e-commerce platform is growing its customer base and revenue at a torrid pace.

Shopify has all the ingredients for growth: a booming e-commerce industry, a focus on small and medium entrepreneurs who may not have a better alternative, tie-ups with big names like **Amazon.com** and **Facebook**, and a visionary CEO in Tobi Lütke who is an innovator and is keen to adopt emerging tech trends, like augmented reality.

In 2017, Shopify's merchant base crossed 500,000, revenue grew 73%, and the operating loss came in at 7% of revenue compared with 10% of revenue in 2016. For 2018, Shopify projects a 45% growth in revenue at the midpoint.

Shopify may not break even any time soon, but that's because the company is still in the early growth stages and is building its business, much like how Amazon.com started. During this stage, top-line growth is enough to propel the stock higher.

Teck Resources: 35% gains in six months

The recent recovery in commodity markets has solidified Teck Resources's prospects. In 2017, Teck generated record revenue of $12 billion and record operating cash flow of $5.1 billion. The miner cut debt, declared a supplemental dividend, and extended its ongoing share-repurchase program.

The biggest move, however, was the advancement of Teck's Fort Hill Oil Sands mine, which adds another key commodity, oil, to the company's portfolio, thereby diversifying its revenue stream and giving it an edge over pure mining rivals.

Fort Hills has already stated production and is expected to hit 90% capacity by the end of this year. Meanwhile, Teck is guiding for lower costs and capital expenditures for 2018, which should further support its bottom line and cash flows. That should help the stock stay steady and inch higher, even if the market flips.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:TECK (Teck Resources Limited)
3. NYSE:WCN (Waste Connections)
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