4 Bargain Growth Stocks to Buy Now

Description

The drop in the TSX might worry some investors, but others may see it as an opportunity to buy interesting stocks at lower prices.

You will find below four growth stocks that are now trading at a discount and that you should scoop up now to profit from their growth prospects. All of them are trading at a PEG below one and have double-digit earnings growth expected over the next five years, so they are cheap relative to their growth.

Bombardier, Inc. (TSX:BBD.B)

Bombardier's stock has been on the rise for the last two years, but despite this rally, the stock has still room to grow. The stock is already up more than 30% since the beginning of the year.

Bombardier had a strong performance in 2017; this year marked the second full year of Bombardier's five-year turnaround plan.

Strong growth in revenue and earnings are expected in the future quarters. Indeed, earnings are expected to grow at a rate of 93.4% per year on average for the next five years. The stock has a PEG ratio expected over five years of only 0.56, which means you are paying a low price for high-growth perspectives.

Alimentation Couche-Tard Inc. (TSX:ATD.B)

After being on a rising slope for many years, Couche-Tard stock has fallen by 18% since the beginning of the year. Investors weren't satisfied with the company's third-quarter results, which were released about a month ago and failed to meet expectations. This sharp drop in price actually represents an opportunity to buy Couche-Tard on the dip.

Earnings are expected to grow at an average annual rate of 17.8% for the next five years, which is very good. Couche-Tard's forward P/E is quite low at 13.7, and its five-year PEG is 0.89, which means the stock is cheap relative to its growth.

The convenience store operator pays a quarterly dividend of $0.09 per share for a yield of 0.67%.

WSP Global Inc. (TSX:WSP)

WSP Global is one of the world's largest professional services firms. The stock performance has been quite good during the last years, with a compound annual rate of return of 24% over five years. Year to date, the stock is up by almost 7%.

I expect the stock to continue rising, as it appears undervalued. Indeed, WSP's earnings are expected to grow at a high rate of 27% per year on average during the next five years, and the PEG expected over this period is only 0.73. This means that this company offers high growth for a reasonable price.

WSP pays a quarterly dividend of $0.375 per share for a yield of 2.37%.

This professional services firm is growing by making acquisitions. The last one was made in March, when WSP acquired UnionConsult to expand its building expertise in Norway.

Cascades Inc. (TSX:CAS)

Cascades stock has returned about 22% on average over the last five years, but it is down 7% since the beginning of the year.

Cascades looks like one of the most undervalued stocks in the market. The stock has a forward P/E of 8.3 and a PEG expected over five years of only 0.31. Earnings are estimated to grow by 981.8% this year and at an average annual rate of 37% over the next five years. The return on equity has improved significantly to reach 41.6%.

The paper and tissue company pays a quarterly dividend of $0.04 per share for a yield of 1.27%.

Sales were up 11% in 2017 compared to 2016. Cascades has a strategic plan that should improve growth going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:CAS (Cascades Inc.)
3. TSX:WSP (WSP Global)

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