Dividend Investors: Are You Overlooking These Healthy Growth Stocks?

Description

We went through the healthiest growth stocks on the TSX until we found the ones that paid the best dividends. While some growth stocks have higher forecast annual earnings or beefier balance sheets, the ones we've selected here also reward shareholders with a dividend.

All three picks here are very healthy, have great balance sheets, and are all looking at around 30% increases in future annual earnings. What differentiates them beyond their sectors, though? Read on to see which of our top healthy growth picks best suit your investment style.

For the unloved-energy investor

Enerflex Ltd. (TSX:EFX) is a big player in the oil and gas equipment and services industry. It's a solid choice if you're looking for unloved energy sector stocks. It's important to shop around when buying overlooked energy stocks: this one is active in natural gas compression and processing as well refrigeration and electric power equipment systems.

Operating in Canada, the U.S., and beyond, Eneflex is a nicely diversified stock within its sector. As a ticker, it's super healthy and has a great future lined up. An expected 26.9% growth in annual earnings makes this a good pick for growth investors looking to supplement their energy portfolio.

For the value investor

Western Forest Products Inc. (TSX:WEF) does what it says on the tin: forest products for the materials sector. This is one for value investors, since Western Forest Products is currently trading at a 5% discount. A projected 20.1% growth in annual earnings, while the lowest on our list, is backed up by an extremely healthy balance sheet: Western Forest Products holds no debt.

Debt-free and with positive growth ahead, a materials stock that pays regular dividends should be a Canadian growth investor's dream come true. It's a top stock to watch, perhaps, rather than buy immediately, since U.S. tariffs on lumber may affect its industry, but it's definitely a strong materials pick for anyone looking for Canadian stocks to buy in 2018.

For the growth investor

Ever wondered who makes stair lifts and wheelchair van conversions? If you thought that this might be a good area to invest your money, take a look at **Savaria Corp.** (TSX:SIS), one of the top manufacturers and suppliers of industrial machinery for the Canadian capital goods sector.

Savaria has an expected 33.5% growth in annual earnings, making it the growth investor's pick of the bunch. Savaria is the Canadian market leader for personal mobility solutions and, as such, has its industry cornered.

Again, this is another very healthy stock. Though Savaria holds a small amount of debt, this debt is well covered by earnings and operating cash flow.

The bottom line

Looking at their similarity in dividends, we don't get much more than a few percentage points to separate these three healthy growth stocks. Enerflex offers a 2.7% yield, while Western Forest Products pays investors 3.35%, up to 3.42% next year — the juiciest yield on the list. Savaria's offering of 2.26% trails the other choices, though its superior growth forecast should tempt capital gains investors.

Looking at the healthy balance sheets and strong future prospects of all three, growth investors may wish to consider buying the full trio for a diversified selection worthy of their TFSA or RRSP.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. TSX:EFX (Enerflex Ltd.)
2. TSX:SIS (Savaria Corporation)
3. TSX:WEF (Western Forest Products Inc.)

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