



The Secret of Success: 3 Winning Growth Stocks to Buy Now

Description

The secret of investing success lies in uncovering solid companies that have great track records of cash flow generation and shareholder value creation, and taking advantage of short-term stock price movements in order to adjust positions.

Here are three [growth stocks](#) that provide investors with this opportunity.

Waste Connections ([TSX:WCN](#)) ([NYSE:WCN](#)) stock is down almost 10% since September, as it too fell victim to general market malaise.

But although investors are not willing to pay as high a multiple for it, this stock continues to beat expectations, increase its dividend, and create shareholder value, making it a very attractive stock despite recent weakness.

The company has handily beat EPS expectations in the last few years, and 2018 is no different.

Waste Connections is a [free cash flow machine](#). Revenue increased 6.2% in the latest quarter, the third quarter of 2018, and EBITDA increased 6%, and free cash flow as a percentage of revenue was almost 16%.

Waste Connections remains in good shape to capitalize on the many M&A opportunities that exist, and this, along with pricing strength, will help drive continued growth.

It is a solid, well-run company that is poised to continue to do well, even in a weak economy, due to the defensive nature of its business.

Richelieu Hardware ([TSX:RCH](#))

Richelieu stock has fallen 11% from recent highs, but the growth story is intact.

Richelieu Hardware continues to be a very well run business that generates superior returns and has proven to be a good steward of investors' capital.

This is evidenced by its consistent strategy of growth through acquisitions, and, organically, that has yielded strong growth, strong returns (return on equity of 16.7% and return on investment of 16.6%), strong cash flow generation, and the maintenance of a strong balance sheet, which has given the company the flexibility needed to thrive in every market environment.

Third-quarter 2017 sales increased 15% (6.9% organic growth and 9.5% from acquisitions), as the company continues its path of consolidating the market and gaining market share in the U.S. and Canada.

CCL Industries ([TSX:CCL.B](#))

CCL Industries may not be what we think of when we think of a growth company. But this \$10 billion label and packaging company is just that.

The company has grown from revenue of \$1.2 billion in 2009 to revenue of \$4.8 billion in 2017 for a compound annual growth rate of 18.8%.

And the corresponding increase in free cash flow has been even more impressive. In 2009, the company generated \$52.3 million in free cash flow, and in 2017, it generated \$425 million for a compound annual growth rate 30%.

The stock price has weakened recently, seeing an almost 16% fall from highs, in what might very well prove to be an attractive buying opportunity.

The company reported second-quarter revenue growth of 8%, EPS growth of 11%, and a 9% increase in free cash flow in the last 12 months.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:CCL.B (CCL Industries)
3. TSX:RCH (Richelieu Hardware Ltd.)
4. TSX:WCN (Waste Connections)

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