Confused About 2019? Here Are 3 Amazing Mid-Cap Stocks You Need to Know Now

Description

Hello again, Fools. I'm back to highlight three attractive mid-cap stocks. As a reminder, I do this because mid-cap stocks — companies with market caps of between $2 billion and $10 billion — tend to have

- far more growth potential than large-cap blue chips; and
- far less downside than speculative small caps.

In other words, mid-cap stocks — all else being equal — strike the perfect balance between risk and return.

So, without further ado, let's get to it.

default watermark

Walk in the Parkland

Leading things off **Parkland Fuel** (TSX:PKI), which has a market cap of about $5 billion. Shares of the fuels and petroleum products company are up 41% over the past year versus a loss of 22% for the **S&P/TSX Capped Energy Index**.

Parkland continues to fire on all cylinders. Sales spiked 48% to $3.8 billion in the most recent quarter, as the company delivered 4.2 billion liters of fuel and petroleum product. Meanwhile, same-store sales (SSS) in Parkland's C-Stores increased 6.7%, marking the 11th straight quarter of positive SSS.

Distributable cash flow during the quarter spiked 149%, resulting in a highly comforting dividend-payout ratio of 35%. With the stock currently boasting a healthy yield of 3.2%, now might be an opportune time to jump in.

Stan and deliver

With a market cap of $2.6 billion, **Stantec** (TSX:STN)(NYSE:STN) is the next mid-cap on our list. Shares of the infrastructure consulting company are down 14% over the past year versus a loss of 2% for the **S&P/TSX Capped Industrials Index**.

The stock plunge last month on disappointing Q3 results. For the quarter, EPS of $0.44 missed estimates by $0.11, while revenue of $901.8 million came in $21 million below expectations. Moreover, consulting service gross margins narrowed 190 basis points to 53.7%, suggesting that Stantec's competitive environment is only getting fiercer.

On the bullish side, Stantec now sports a cheapish forward P/E of 12.5. Combine that with a comforting debt-to-equity ratio of just 0.5, and the stock's recent pullback looks like a real value opportunity.

Renewed outlook

Rounding out our list is **TransAlta Renewables** (TSX:RNW), which has a market cap of $2.8 billion. Shares of the renewable energy company are down 17% versus a loss of 10% for the **S&P/TSX Capped Utilities Index**.

While 2018 hasn't been great for the stock, TransAlta seems to be heading into 2019 on a positive note. In Q3, earnings increased $85 million on higher finance income, lower interest expense, and lower forex losses. And year to date, cash available for distribution is up 7% year over year.

"Strong performance from our highly contracted and diversified asset base during the quarter allowed us to focus on progressing our growth strategy," said President John Kousinioris.

With the stock currently boasting an especially fat yield of 8.4%, now might be the opportune time to bank on the business momentum.

The bottom line

default watermark

There you have it, Fools: three mid-cap stocks worth checking out.

As always, don't view them as formal recommendations. Instead, see them as a starting point for further research. Even mid-cap stocks can decline sharply if the risks are too high, so plenty of due diligence is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:STN (Stantec Inc.)
2. TSX:PKI (Parkland Fuel Corporation)
3. TSX:RNW (TransAlta Renewables)
4. TSX:STN (Stantec Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/09/06
Date Created
2018/12/16
Author
bpacampara

default watermark

default watermark