Get Rich Without Losing Your Shirt! Here Are 3 Low-Debt Stocks I'd Buy in 2019

Description

Hello again, Fools. I'm back to highlight three attractive low-debt stocks worth checking out. As a quick reminder, I do this because companies with a low debt-to-equity ratio (D/E)

- display lower earnings volatility than high-debt businesses with crippling interest costs;
- have more flexibility to reward shareholders over the long term; and
- often take bankruptcy risk or liquidity risk completely off the table.

If you're a conservative investor, your top priority in 2019 should be to find companies with rock-solid balance sheets.

Let's get to it.

Drilling down

First up, we have **Pason Systems** (TSX:PSI), which has an immaculate, debtless balance sheet. Shares of the drilling rig services specialist are flat over the past year versus a whopping 25% loss for the **S&P/TSX Capped Energy Index**.

As you can tell by its stable price performance, Pason is a prudent way to play the energy space. In the most recent quarter, income spiked to $24.4 million from $7.4 million in the year-ago period on revenue growth of 28%.

"Our market positions remain strong, and we expect to be able to deliver growth through higher product adoption going forward," wrote President and CEO Marcel Kessler.

With a solid yield of 3.6% to go along with that strong business momentum, Pason might be too good to pass up.

Golden choice

Next up is **Franco-Nevada** (TSX:FNV)(NYSE:FNV), which also boasts a debt-free balance sheet. Shares of the gold royalty company are down 6% over the past year versus a loss of 12% for the **S&P/TSX Capped Materials Index**.

If you're looking for commodity exposure, Franco-Nevada is the low-risk way to do it. In the most recent quarter, the company generated $134.7 million in revenue, with its growing oil and gas segment posting a 110% top-line increase. Meanwhile, operating cash flow grew 10.5%.

"Franco-Nevada's diversified portfolio and business model continues to generate strong revenues and margins," said CEO David Harquail. "Franco-Nevada expects substantial growth in its revenues and EBITDA from assets already in place."

When you couple Franco-Nevada's increasingly diversified nature with its pristine financial position, the downside seems limited at this point.

Shopping spree

With no debt on its balance sheet, **Shopify** (TSX:SHOP)(NYSE:SHOP) rounds out our list. Shares of the cloud-based e-commerce technologist are up 42% over the past year versus a gain of 13% for the **S&P/TSX Capped Information Technology Index**.

I wouldn't bet on Shopify's business momentum to slow anytime soon. In Q3, revenue spiked 58% to $270 million as subscription revenue grew 46% and merchant solutions revenue rose 68%.

Looking ahead, management expects Q4 revenue of $315-325 million.

"Solid execution and continued rapid growth drove our strong results in the third quarter," said CFO Amy Shapero. "We're well positioned to close 2018 and enter 2019 with excellent momentum."

The stock isn't cheap. But given Shopify's strong financials and rapid growth, the risk/reward trade-off might be more attractive than you think.

The bottom line

There you have it, Fools: three low-debt stocks worth taking a look at.

As always, they aren't formal recommendations. They're simply ideas worth further research. Even low-debt stocks can fall sharply without much notice, so plenty of due diligence is still required.

Fool on.

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3. TSX:FNV (Franco-Nevada)
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