High-Growth Round-Up: 4 Potentially Overlooked Stocks

Description

With an interesting mix of sin stocks, energy, and mining, there are a few potentially overlooked TSX index tickers out there signalling high growth in expected earnings. Let's take a look through the data for four such stocks and see whether they would satisfy a capital gains investor today.

Surge Energy (TSX:SGY)

The oil and gas stock you didn't know you needed, Surge Energy can compete with some of the better known names in the energy industry on several fronts. For one thing, this hidden gem of the TSX index had a good 2018 in terms of income, with a one-year past earnings growth of 74.6% that beats a positive, if moderate, five-year average growth rate of 9.5%.

A top Canadian stock to buy now to cash in on potential higher oil, the main reasons to get invested in Surge Energy, though, are a high dividend yield of 6.71% coupled with a 120.7% expected annual growth in earnings.

Surge Energy insiders have bought more shares than sold them in the last three months, as they have over the last year. With a healthy balance sheet indicated by a below-threshold debt 37.5% of net worth, undervaluation is indicated by two key metrics – its discount of 39% against the future cash flow value, and a P/B of 0.5 times book.

Tahoe Resources (TSX:THO)

A mining, exploration, development and operating stock with some geographical diversification across the Americas, Tahoe Resources is down 3.88% in the last five days. This stock popped in November and has been up ever since, though not at pre-July 2017 prices. With low debt at 4.2% of net worth and a high 64.1% expected annual growth in earnings, Tahoe Resources could reward investors with a lot of upside.

Great Canadian Gaming (TSX:GC)

Overvalued by over three times the future cash flow value, this popular TSX index "sin stock" had a good 2018, with a one-year past earnings growth rate of 57.1% trouncing its five-year average growth of 13%. It's a high-quality pick, boasting a past-year ROE of 28%, which is significantly high for the market.

In terms of a balance sheet, Great Canadian Gaming carries a debt of 98% of net worth, although it should be noted that this represents a reduction over the last five years and is well covered by earnings. Though Great Canadian Gaming insiders have only sold shares in the last three months, a

22.2% expected annual growth in earnings, and may be of interest to growth-focused investors.

First Quantum Minerals (TSX:FM)

Over 50% discounted off its future cash flow value, First Quantum Minerals is another TSX stock indicating decent growth for the next few years. At a glance, it's a bit of a mixed bag, with a so-so balance sheet (indicated by debt at 81.1% of net worth), offset by being decent value for money (see a P/E of 17.5 times earnings and market-beating P/B of 0.8 times book).

While a small dividend yield of 0.07% is on offer, the main draw here is a 27.7% expected annual growth in earnings.

The bottom line

There are certainly some interesting figures here. Tahoe Resources is trading at half its book value, though with no dividends on offer, it remains solely a capital gains play. So too does Great Canadian Gaming, though with a P/E of 24.9 times earnings and P/B of 5.8 times book, it's overvalued. However, growth investors may want to do their homework before taking positions in the above stocks.

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1. Energy Stocks
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TICKERS GLOBAL

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2. TSX:SGY (Surge Energy Inc.)

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