2 Stocks That Will Beat the TSX Index Over the Next Decade

Description

The S&P/TSX Composite Index fell 62 points on March 14. This week, I'd discussed the impressive run the stock market has put together over the past decade. Unfortunately, the materials and energy-heavy TSX Index has not put up the explosive gains of its U.S. counterparts. This does not mean that there are not top-tier growth options in the Canadian market.

Below are two stocks that have offered fantastic growth in recent years. Investors looking to beat the TSX index over the next decade should look to these stocks in the spring.

Kinaxis (TSX:KXS)

Kinaxis is an Ottawa-based company that provides software solutions for sales and operations planning and supply chain management. Shares of Kinaxis have climbed 12.4% in 2019 as of close on March 14. In late November, I described Kinaxis as a steal priced below the $70 mark. It rose above $80 before its most recent earnings release.

The company released its fourth-quarter and full-year results for 2018 on February 28. Total revenue rose 16% from the prior year to $150.7 million, with total subscription revenue experiencing 21% growth. However, adjusted EBITDA only increased 2% to $41.7 million. The company is projecting a significant uptick in key areas for 2019.

Kinaxis is forecasting revenue between $183 million and $188 million in 2019. The company projects the adjusted EBITDA margin to be between 23% and 25% and SaaS growth to be between 22% and 24%. As of this writing, Kinaxis is trading at the lower end of a broad 52-week range. The stock boasts an RSI of 37, which puts it close to oversold territory, as it has slid after the earnings release.

The stock is a must-buy if it falls below the $70 mark this spring.

Badger Daylighting (TSX:BAD)

Badger Daylighting is a Calgary-based company that provides non-destructive hydrovac excavation services based on its Badger Hydrovac System. Shares of Badger have surged 25% in 2019 so far. The stock is up 72% year over year.

The company released its fourth-quarter and full-year results for 2018 on March 12. Badger achieved record fourth-quarter adjusted EBITDA of $47.9 million, which was a 39% increase from the prior year. It hit record revenues of $178 million compared to $132 million in the prior year. For the full year, Badger posted total revenues of $615 million compared to $496 million in 2017. Badger reported 40% revenue growth in the United States to $105.9 million

For fiscal 2019, Badger is forecasting adjusted EBITDA between $170 million and $190 million. It hit $161 million for the full year in 2018. Badger plans a hydrovac build between 190 to 220 units and retirements between 40 to 60 units. The future looks extremely bright for the company as we approach the end of the decade.

Badger last paid out a monthly dividend of $0.045 per share. This represents a modest 1.3% yield. With the growth that Badger has provided, the monthly dividend is just the cherry on top. Badger last boasted an RSI of 69, which puts it just outside overbought territory. Badger is a terrific long-term hold, but investors may want to wait for a more favourable price in the near term to stack.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

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

Category

1. Investing

Tags

1. Editor's Choice

Date
2025/08/27

Date Created
2019/03/15
Author
aocallaghan