2 Top Growth Stocks to Buy in May to Beat the Market

Description

U.S. markets surged to record highs last week because of renewed confidence over the global economic outlook. This pushed the TSX to a record high of over 16,669 points despite the IMF's rather anemic 2019 forecast for Canada where gross domestic product (GDP) is expected to expand by 1.5%. The renewed market health makes now the time for investors to boost their portfolios growth by adding some of Canada's best growth stocks.

Let's take a closer look at what could easily be described as Canada's two best growth stocks that every investor should consider owning.

Canada's leading independent fuel distributor

Parkland Fuel (TSX:PKI) has gained a whopping 16% since the start of 2019 seeing it keep pace with the TSX, which is up by the same amount. The company is one of North America's largest and fastest-growing distributors of fuels and petroleum products. Parkland has grown at a rapid clip in recent years, completing a series of transformative accretive acquisitions such as buying **Chevron's** downstream Canadian assets, including the Burnaby refinery and **CST Brands, Inc.'s** Canadian assets.

The company is in the process of completing the purchase of 75% of the shares of SOL, which is the largest independent fuel marketer in the Caribbean. On closing it is anticipated that the deal will boost Parkland's distributable cash flow per share by 17%. It will also diversify its operations internationally and reduce its dependence on North America.

Parkland anticipates unlocking further synergies from its already completed deals, which it expects will add around $80 million to EBITDA by 2020. That comes on the back of the company reporting record adjusted 2018 EBITDA of $887 million and hiking its annual dividend by 2% to see it yielding just under 3%.

As we head into summer, fuel consumption will grow, which along with a several growth initiatives implemented in Parkland's convenience stores will further boost earnings, ultimately giving its stock a solid lift.

Leading rapidly growing discount retailer

Discount retailer **Dollarama** (TSX:DOL) has seen its stock appreciate at a rapid clip over the last five years. Even after fears that growth across its chain of stores was slowing, it has still gained a notable 28% for the year to date.

The thrift retailer reported some solid numbers for 2018. Comparable same store sales expanded by 2.6% year over year, while EBITDA shot up by almost 8% to $273 million and diluted net income per share grew by a healthy 12.5%. Dollarama opened 65 stores during the year, including 33 net new stores during the fourth quarter, which will drive further income growth during 2019.

A key long-term potential growth driver is Dollarama's relationship with Latin American discount store chain Dollar City. Currently, the retailer provides consulting and sourcing services to Dollar City at cost, but it has an option to acquire 50.1% of the business in 2020.

Dollar City has been expanding its business at a solid clip. During 2018, it added 62 stores to its retail chain extending across El Salvador, Guatemala and Colombia. Those economies hold considerable potential for budget retailers and will become a significant growth driver for Dollarama if it executes its right to acquire a controlling interest in Dollar City.

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1. TSX:DOL (Dollarama Inc.)
2. TSX:PKI (Parkland Fuel Corporation)

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Date
2025/08/26
Date Created
2019/04/29
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