3 Top Growth Stocks to Buy in June

Description

Air Canada (TSX:AC)(TSX:AC.B), **Alimentation Couche-Tard** (TSX:ATD.B) and **Badger Daylighting** (TSX:BAD) are three stocks you should consider adding to your portfolio if you're looking for strong growth without incurring high risk.

These three stocks have a 10-year compound annual growth rate of return over 25%. In contrast, the **TSX j**ust returned about 8% on average annually over the same period.

Let's look at these growth stocks in deeper details to see what makes them strong growth stocks.

Air Canada

Air Canada is one of the best-performing stocks of the TSX so far this year, with a returns nearing 55%. If you had invested in Air Canada 10 years ago, you would have had an average annualized return of 40%, which is very high.

Canada's largest airline reported a very good first quarter despite the continued grounding of its fleet of Boeing 737 Max aircraft. Results were boosted by an increased number of passengers and the recent acquisition of the Aeroplan loyalty program.

Air Canada earned an adjusted profit of $17 million, or $0.06 per share in the quarter compared with an adjusted loss of $26 million or $0.10 per share a year ago.

Operating revenue rose to a first-quarter record of $4.45 billion compared with $4.07 billion in the same quarter a year earlier. Return on equity is 21.7%.

A few days ago, the news stated that Air Canada is in exclusive negotiations to buy the company that owns Air Transat for about $520 million, which could bring many benefits over the long-term for investors.

Earnings are expected to grow by 19% on average annually for the next five years. The stock's five-year PEG is only 0.55, so Air Canada is very cheap relative to its high growth prospects.

Badger Daylighting

This company provides non-destructive hydrovac excavation services.

Badger's first quarter of 2019 showed strong growth in revenues, adjusted EBITDA and margins.

Badger generated record first-quarter 2019 adjusted EBITDA of $33.3 million, up 36% from the same quarter a year earlier on record first quarter revenues of $146.6 million, up 22% from the first quarter of 2018.

Revenue per truck per month for the first quarter was up to $30,832.

Gross profit margin for the first quarter jumped 14%, from 25.5% to 29%. Return on equity stands at 19.6.

Badger pays a quarterly dividend that now amounts to $0.0475 per share for a yield of 1.2%.

Shares of Badger are up almost 50% year-to-date. If you had bought shares of Badger 10 years ago, you would have had an average annualized return of 28%.

Alimentation Couche-Tard

The largest convenience store operator in Canada announced record earnings in third quarter of fiscal year 2019.

Net earnings attributable to shareholders amounted to $612.1 million for the third quarter of fiscal 2019 compared with $482.4 million for the same quarter a year ago. Total merchandise and service revenues increased by 8.8 % to $4.2 billion. Same-store merchandise revenues increased by 4.5% in the U.S., by 2.9% in Europe and by 4.9% in Canada.

Couche-Tard increased its quarterly dividend by 25%, from $0.10 to $0.125 per share. The dividend yield is now 0.5%.

Return on equity is 22.9%. Earnings are estimated to grow at an average annual rate of 12.5% for the next five years.

Couche-Tard's stock is up 22% since the beginning of the year. The 10-year compound annual growth rate of return is 34% — impressive numbers. If you're looking for strong growth without taking too much risk, this is a stock you should seriously consider adding to your portfolio.

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2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)

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