Get Greedy With These 2 Growth Stocks

Description

The objective of investors when looking for growth stocks is to make money. Greed is what drives investment behaviour. But when I talk of greed and growth stocks, I mean capitalizing on the opportunity to ride on the growth of a company and increase the chances of getting very high returns.

Enerflex (TSX:EFX) and **Exco Technologies** (TSX:XTC) are two stocks that offer capital gains and sustained income stream through dividend payments. Both are not listed as blue-chip stocks but are well established in the respective industries each company operates in. Investors can readily tag a stock as a growth stock if it exhibits the same characteristics.

Igniting growth

Enerflex is an oil and gas equipment and services company operating since 1980. The Calgary-based firm has only one investment pitch to investors: natural gas. Management believes the company is among the best in the industry when it comes to compressing, processing, and treating natural gas.

Despite nearly four decades of existence and a presence in 16 countries worldwide, the company sees powerful, long-term trends in natural gas. As such, investors should view Enerflex as a flourishing company that offers a compelling source of value.

The financials speak for themselves. Enerflex booked about $1.9 billion worth of projects in 2018, which is 73.6% better than in 2017 and the highest in the company's history. Revenue grew by 9.7% to $1.7 billion for the same period. More importantly, operating cash flow ballooned 20.7% to $35.1 million.

In the next 12 months, analysts are forecasting the current price of $16.18 to rise by 60.7% growth. If you tuck in the 2.5% dividend yield, that's a relatively generous return. Enerflex's strong financial results in 2018, which were derived from diverse revenue streams, have positioned the company to perform solidly in the years ahead.

Growth at a bargain

Exco Technologies attracts investors because this small-cap stock has been consistently paying dividends in the last 10 years. If you like dividends in your stock portfolio, you're assured of capital growth and dividend payments from this stock that's currently selling below $10. You're basically investing in growth at a bargain.

Investors who are familiar with the vehicle industry and auto parts would be fascinated with the company. Exco Technologies provides automotive solutions, extrusion tooling solutions, and die cast solutions to clients in Canada, the U.S., Brazil, Colombia, Mexico, Thailand, and other automotive and industrial markets across the globe.

From a fundamentals perspective, the company is financially strong. For the last three years, the top-line revenue has averaged $582.7 million with an average net income of $44.1 million. In fiscal 2018, Exco achieved the third-highest EPS in the company's history. The balance sheet has been strengthened by new, income-producing contracts.

Exco has tremendous staying power to serve the niche industries for the long term. But the business is not without challenges. However, the company is pursuing several capital opportunities that could deliver very high rate of returns in the near future.

Coveting growth stocks is normal, but your picks should have discernible earnings-growth potential.

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1. Editor's Choice

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1. TSX:EFX (Enerflex Ltd.)
2. TSX:XTC (Exco Technologies Limited)

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