



2 Industry-Leading Stocks to Drive Portfolio Growth Forever

Description

Stocks that are leaders in their industries are great ways for investors to build their portfolios. The companies worth looking at should be well established, have solid operations, and have some type of competitive advantage.

These companies won't always be in mature industries, with stable cash flows; sometimes you may find an industry leader that could be considered a growth company and offers a lot of potential upside.

Below are two solid industry leaders: one is a growth stock and one is a mature stable company generating massive cash flows.

The first company, a mid-sized growth company that produces uranium, is **Cameco** ([TSX:CCO](#))([NYSE:CCJ](#)). Although it isn't a massive company, Cameco is one of the largest uranium companies in the world and the largest publicly traded one.

Electricity demand is expected to increase 60% over next 20 years. Since nuclear energy is much cleaner for the air, it's expected to grow, along with the demand for electricity.

A number of nuclear reactors that use uranium to create electricity are under construction around the globe, citing the definite future increase in demand for uranium. It's this increase in demand that should drive Cameco's future growth.

The company has had its growing pains in the past, as prices for uranium price have been falling since its peak in 2007. However, as of 2017, the price for uranium seems to have bottomed and has now begun to increase, albeit slowly.

In the meantime, [Cameco](#) has suspended operations at its McArthur River/Key Lake mine, waiting for an acceptable long-term contract to restart it. McArthur River is the world's largest high-grade uranium mine, Cameco owns 69.8% of it. The move to halt production is an important decision to try to tighten the uranium market to force spot prices higher.

Its other two main tier-one assets, Cigar Lake and Inkai, are also key to the operations of the business.

Cigar Lake is a super high-grade mine in which Cameco has a 50% stake. At full capacity, Cameco's share of the mine production is nine million pounds per year.

Inkai is also key because it's a very low cost mine, and since uranium prices have been so low recently, Cameco has relied on low-cost projects like Inkai to source its uranium as cheap as possible. Cameco has a 40% share in Inkai and expects to produce 8.3 million lbs in 2019.

Cameco has positioned itself well and has managed to bide its time while the uranium markets rebound. Eventually, the demand for uranium is expected to increase, and Cameco will be well positioned to benefit.

The other company, a massive industry leader in a defensive industry is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)). **Nutrien** is a relatively new company, created as a merger between two of the main fertilizer players Agrium and Potash Corp. Nutrien now stands as the world's largest fertilizer producer.

Nutrien reported earnings recently which were generally positive. The company had adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) of \$2.6 billion in the first half of 2019, up 18% from 2018. Free cash flow of \$1.7 billion for the first half the year was also up from 2018, a whopping 47%.

Nutrien also announced a 5% increase in the dividend coming. However, it revised guidance lower, now expecting adjusted net earnings for full year to come in at \$2.70-\$3.00 a share.

The company is a cash flow machine, having returned \$5.2 billion in cash to shareholders since beginning of 2018. This is split between dividends, which account for \$~1.4 billion and share repurchases totalling \$3.7 billion. In the past 18 months, it's bought back more than 11% of its shares outstanding.

Nutrien is a well positioned, vertically integrated company that generates massive cash flows. The company still has plenty of room to grow as it realizes more synergies from its merger and continues to expand its already large market share.

Bottom line

Both companies are large, well-respected companies that are leaders of their industries. Cameco is a great choice for investors looking for more capital gains. The company is poised for great growth if the price of uranium can continue to rebound.

Nutrien is a better pick for investors looking for a company that offers stable cash flows and stable growth. It also pays a nice, little dividend too.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
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TICKERS GLOBAL

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:NTR (Nutrien)
3. TSX:CCO (Cameco Corporation)
4. TSX:NTR (Nutrien)

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Date

2025/07/22

Date Created

2019/07/31

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