



A Top Growth Stock to Stash Away for 2019 and Beyond

Description

Here's a business that's growing much faster than most. While the long-term North American stock market returns are about 10% per year on average, **Brookfield Business Partners** ([TSX:BBU.UN](#))([NYSE:BBU](#)) can deliver returns of more than 15%!

The Bermuda-based limited partnership, which is treated as a partnership for Canadian tax purposes, is [perfect for investors seeking growth and price appreciation](#) for the long haul. Since BBU aims for returns of 15-20% on its investments, you can buy the stock when it's discounted and secure returns of more than 15%!

What does Brookfield Business Partners do?

Brookfield Business Partners is a business services and industrials company. Essentially, it buys businesses and improves their operations, leading to increased margins, profitability, and cash flows. It has succeeded in this line of business for more than 30 years, and its success will continue. Generally, BBU either acquires market leaders or businesses that can be improved.



How Brookfield Business Partners grows

Other than improving businesses, Brookfield Business Partners also sells businesses when their values have been maximized and then recycles the capital into higher-return investments. Because of this strategy, its profitability will be lumpy.

A review of BBU's recent results will give an idea of the company's profit unpredictability.

In the first half of the year, BBU's net income fell 12% to US\$169 million. However, its EBITDA, a cash flow proxy, increased by a healthy clip of 35% to US\$503 million. Additionally, it doubled its company FFO to US\$640 million, which translated to US\$4.94 on a per-unit basis; this was also a double year over year.

The EBITDA growth was attributable to contributions from investments across its segments (Business Services, Infrastructure Services, and Industrials) as well as growth from its existing businesses, while the amazing growth in FFO was helped by realized gains from the sale of businesses. Excluding the gains, FFO would have increased by 33% on a per-unit basis compared to the first half of 2018.

Foolish investor takeaway

Many of Brookfield Business Partners's operations are cyclical. Moreover, buying and selling businesses leads to lumpiness and unpredictability. So, it's not all that uncommon to see volatility in the stock.

BBU is the kind of stock that you want to accumulate shares on meaningful dips of more than 7%. Then, [stash it away](#) for five, 10, or 15 or more years and expect a much higher stock price.

Currently, BBU stock trades at a trailing 12-month EV to EBITDA of about 9.2, which is at the low end of its historical valuation. Therefore, now is a good time to buy shares for long-term price appreciation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BBU (Brookfield Business Partners L.P.)
2. TSX:BBU.UN (Brookfield Business Partners)

PARTNER-FEEDS

1. Msn
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