Are You Overlooking This High-Flying Growth Stock?

Description

Some stocks hitting their 52-week highs this year have been definite sells, stocks with no room left to run and packing overheated fundamentals ripe for harvesting. Others have provided opportunities to jump on and ride the upside.

While the stock we're going to take a look at today might have seemed a tempting sell earlier in the year, there's reason to believe that ot still has some room left to run.

An HR tech stock with dependable revenue growth

If you look at the share price history for **Morneau Shepell** (TSX:MSI), you'll see that this stock has been appreciating steadily since the tail end of 2015.

Since then, the stock has grown by more than 100%, making it one of the top-performing companies on the **TSX**, though falling shy of the TSX 30's lowest growth (the **Boyd Group Income Fund** with three-year growth of 126%).

Taking an holistic approach to staff nurturing and retention, Morneau Shepell is a world-class tech-powered HR service provider using a one-stop shop approach to staff well-being that incorporates cloud computing.

Its services help companies optimize their workforce efficacy, reduce overheads and increase output. Services also cover family assistance, pension planning, and investment services.

Currently shelling out a moderate 2.45% dividend yield, Morneau Shepell saw its year-on-year revenue explode by 23% in its Q2 with an impressive EBITDA growth of almost 35%.

Two things were behind this growth spurt, namely a pre-existing growth curve growth and a key M&A move that saw Morneau Shepell acquire well-being company LifeWorks.

A glimpse of things to come

November 6 will see Morneau Shepell divulge its third-quarter results, which will potentially show key synergies and added revenue from the acquired assets, putting the company back on the straight and narrow – and hopefully putting a bit of extra spin on its trajectory.

The company's track record of steadily increasing revenue coupled with a satisfactory and well-covered yield and positive share price momentum make it a solid buy. Its area of business, human resources consultancy with a tech spin, make it an interesting play for business services exposure with a track record of revenue growth and an ambitious outlook.

CEO Stephen Liptrap is positive about Morneau Shepell's future. He laid out his vision during the company's Q2: "We expect our Canadian business to keep producing growth in the mid-single digits, with double-digit growth expected in new technology products, the United States, and in emerging markets."

Investors looking for upside at a time when stocks are fairly flat have an intriguing choice in Morneau Shepell right now. A strong play for a stock that represents both revenue growth and secure dividend payments , Morneau Shepell is a top-end human resources asset that can help an income investor diversify a TSX portfolio laden with the usual mix of infrastructure, mining, financials, and utilities.

The bottom line

With its Q3 results due at the start of next month, Morneau Shepell could experience some share price volatility. It's likely to be another strong quarter, though, with the M&A costs having been absorbed while both synergies and boosted revenue bolster that bottom line.

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