TFSA Investors: 3 Stable Growth Stocks for 2020

Description

Hi, Fools. I'm back to draw attention to three attractive growth stocks. Why? Because companies with rapidly growing revenue and earnings

- have far more appreciation potential than the average stock; and
- can help you outperform during bad times as investors flock to truly special growth stories.

As legendary investor Warren Buffett once said, "Put together a portfolio of companies whose aggregate earnings march upward over the years, and so also will the portfolio's market value."

This week, we'll take a look at three particularly stable growth stocks. So, if you're looking to give your TFSA portfolio a boost in 2020 (with minimal downside), this is a good place to start.

Let's get to it.

Wasted opportunity

Leading off our list is **Waste Connections** (TSX:WCN)(NYSE:WCN), which has grown its EPS and revenue at a rate of 107% and 206%, respectively, over the past five years. Year to date, shares of the waste management giant are up 19%.

Waste Connections's impressive growth continues to be supported by massive scale (more than seven million customers), a fragmented competitive environment, and strong regulatory protection. In the most recent quarter, price and volume growth clocked in at 6% as revenue improved 10% to $1.4 billion.

On that strength, management boosted the quarterly dividend by 15.6%.

"Our strong operating performance, free cash flow growth and balance sheet strength positioned us for another double-digit percentage increase in our quarterly cash dividend, while maintaining tremendous financial flexibility," said CEO Worthing Jackman.

Waste Connections currently offers a dividend yield of 0.7%.

Full-steam ahead

Next up, we have **Canadian National Railway** (TSX:CNR)(NYSE:CNI), which has grown its EPS and revenue at a rate of 61% and 25%, respectively, over the past three years. Year to date, shares of the railroad giant are up 20%.

Worries over a slowing economy and oil volumes have weighed on the stock in recent months, but CN continues to grow at a respectable rate. In the most recent quarter, for example, EPS grew 8% to $1.66 as revenue improved 4% to $3.8 billion.

Looking ahead, management sees full-year adjusted EPS growth in the high single-digit range.

"Our team of experienced railroaders swiftly aligned resources with the weaker demand to achieve solid efficiency gains," said CEO JJ Ruest. "We remain committed to our long-term agenda of growing faster than the economy at low incremental cost."

CN currently offers a dividend yield of 1.8%.

Cheesy choice

Rounding out our list is **Saputo** (TSX:SAP), which has delivered EPS and revenue growth of 31% and 34%, respectively, over the past three years. Shares of the dairy giant are down slightly in 2019.

Despite recent industry challenges, Saputo continues to lean on its massive scale (about 11 billion litres of milk processed per year), geographic reach (sells in over 50 countries), and leadership position to deliver solid growth for shareholders. In the most recent quarter, adjusted EBITDA improved 16% as revenue grew 12% to $400.6 million.

"The dairy industry will continue to present some challenges," said CEO Lino Saputo. "Having said this, we intend to capitalize on our expertise as we have in the past."

Saputo shares trade at a forward P/E of 20 and offer a dividend yield of 1.8%.

The bottom line

There you have it, Fools: three attractive growth stocks for 2020.

They aren’t formal recommendations. Instead, view them as ideas worth further research. Even stocks with breakneck growth can crash hard if you don’t pay attention to valuation, so plenty of due diligence is still required.

Fool on.

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1. Investing

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1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:WCN (Waste Connections)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:SAP (Saputo Inc.)
5. TSX:WCN (Waste Connections)

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