



TFSA Buy Guide: 3 Stocks Set to Explode in 2020

Description

TFSA users are once more on the hunt for stocks that could deliver significant gains for the new year. **AltaGas** ([TSX:ALA](#)), **Exchange Income** ([TSX:EIF](#)), and **Computer Modelling** ([TSX:CMG](#)) are worth considering for the [generous dividends](#) and potential for capital gain. You can fill your available contribution rooms with these stocks.

Making a turnaround

In 2020, AltaGas is expected to improve on its 51.6% gain in 2019. This \$5.6 billion oil and gas midstream company achieved essential milestones.

After coming online in Q2 2019, the Ridley Island Propane Export Terminal (RIPET) is already producing nearly 40,000 barrels per day (bbl/d). Its contribution to EBITDA in Q3 2019 amounted to \$37 million. RIPET is also a boon to the upstream industry and a much-needed boost to producers in Western Canada.

AltaGas sold \$2.2 billion worth of non-core assets to improve the balance sheet while focusing on its core operations. Reducing debt to preserve its investment-grade rating is also a top priority. AltaGas expects to pay down \$3 billion in liabilities.

Next year, AltaGas is aiming to increase gas-processing volumes on the midstream side and grow its rate base on the utility segment. The company is determined to unlock the growth potential of its assets.

Ensuring growth

Exchange Income is already [looking ahead to 2020](#) after posting strong Q3 2019 financial results. This \$1.6 billion company has two main segments operating in the aerospace industry. The two segments generated \$355.2 million in revenue during the quarter, which is 15% better versus the same quarter in 2018.

The revenue in the Aerospace and Aviation segment grew by 18% to \$266.5 million. Of the 15% increase in revenue, the Manufacturing segment turned in \$7.1 million. Consolidated EBITDA saw a 12% to \$89 million, notwithstanding a \$6 million one-time bad debt write-off. An airline customer went bankrupt.

There are several projects lined up, although most are not yet in the revenue stage. Four separate transactions have been closed, including the acquisition of two companies with robust growth potentials. Exchange is ensuring growth in 2020 and beyond.

Analysts are forecasting the stock to climb by 20.7% in the next 12 months. With the 5.04% yield, the overall return to TFSA users would be higher.

Efficient software firm

Computer Modelling's dividend has crossed the 5% mark. This \$641 million computer software technology firm is in the business of developing and licensing of reservoir simulation software. As 2019 comes to a close, the stock has a gain of 38.9%.

The reservoir simulation software licences are for sale to oil and gas companies, consulting firms, and research institutions. Oil and gas companies around the world use the suite of reservoir simulators to facilitate the analysis of the various types of reservoirs. Other services include support, consulting, training, and contract research activities.

Market analysts are particularly impressed with the company's return on capital employed (ROCE). The ROCE of Computer Modelling is 40%, which is better than the 7.6% average in the energy services industry.

The high ROCE shows the efficiency of the business to generate profits from its capital requirements. Also, the company's current liabilities (26% of total assets) are relatively low.

High dividends

The average dividend of AltaGas, Exchange Income, and Computer Modelling is nearly 5%. TFSA users will greatly benefit from this high yield in 2020.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:CMG (Computer Modelling Group Ltd.)
3. TSX:EIF (Exchange Income Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
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