



2 of the Best Canadian Growth Stocks to Buy and Never Sell

Description

Some of the best Canadian stocks on the **TSX** are [blue chips](#) that most other investors are sleeping on. In this piece, we'll look at two names that I believe are trading at a sizeable discount. While there's no telling when each name will "correct" each discount to the upside, I do think both names have an attractive risk/reward as we navigate into the second half of 2021, which is likely to be full of surprises, both negative and positive.

Consider **Alimentation Couche-Tard** (TSX:ATD.B) and **Aritzia** ([TSX:ATZ](#)), two growthy but cheap Canadian stocks that I'm inclined to buy (more of) at current levels.

Alimentation Couche-Tard

Couche-Tard is a growth stock that's likely to accomplish its ambitious goal of doubling its net profits in five years. To do so, the company needs to fire on all cylinders organically and inorganically. The company made famous for acquiring its way to growth has been lacking in action of late. Although the firm has bolstered its in-store offerings, the next decade could be the most eventful yet for the king of c-store consolidation.

There are two major paths that Couche-Tard could take. Either the firm will pursue a major grocer (likely for immediate access to its supply chain), which will make it easier for its c-store network to obtain high-quality, high-margin grocery merchandise to better adapt to the EV (electric vehicle) age, or it'll scoop up a bargain in the c-store space.

The latter move would probably be preferred by shareholders, given the negative reaction to Couche-Tard and its attempt to buy grocer Carrefour earlier in the year.

In any case, I think management will take the path of greatest value. If there's a grocer for sale at a reasonable price, Couche-Tard will try to get a deal done, as it looks to pivot into the new age. Otherwise, I think Couche could stay in the realm of c-store acquisitions for longer.

There are a lot of ways that Couche-Tard can grow via acquisitions as we head into the post-COVID

world. Come the next deal announcement, I think the stock will break out in a big way. Until then, Couche-Tard will trade more like a value stock at 15.4 times earnings and 0.9 times sales, and less like a growth stock.

Aritzia

Aritzia is a popular women's clothing retailer that I've [compared](#) numerous times to the likes of fellow Vancouver-based retail success **Lululemon**. Like Lululemon, Aritzia is growing into a pretty recognizable brand at the international level. The firm's U.S. expansion was met with great success. And as the firm looks to open more stores south of the border whilst continuing to exhibit strength in Canada, I'd look for Aritzia to continue adding to its gains.

Recent acquisitions by Aritzia could also allow it to expand into new verticals. Aritzia is a high-fashion retailer at heart, but it could also unlock new growth opportunities in the arena of menswear and athletic apparel to capitalize on the "athleisure" trend that made Lululemon such a profound success over the years.

Aritzia is doing a lot of things right. As one of the omnichannel greats, I expect nothing but stellar performance, as we exit this pandemic into a roaring environment that could see consumer spending really take off.

Shares aren't cheap at 4.8 times sales and 33.1 times cash flow. But given the Lululemon-like nature of the mid-cap company (\$4.1 billion market cap), I'd argue that Aritzia is pretty cheap relative to its incredible long-term growth prospects.

So, if you missed Lululemon's epic run, Aritzia may be an option to add to your watchlist today.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

2. Stocks for Beginners

Date

2025/07/27

Date Created

2021/07/15

Author

joefrenette

default watermark

default watermark