2 Canadian Growth Stocks to Buy Right Now

Description

Looking to boost total returns in your stock portfolio, consider buying these two well-valued Canadian growth stocks today!

Dividend stock with fast growth

Tecsys (TSX:TCS) is a fast-growing dividend stock suspect. It has increased dividends for 12 consecutive years with a 10-year dividend growth rate of approximately 17%. Notably, its growth rate can be bumpy as suggested by its dividend growth rate of 7-27% in the last decade.

The supply chain management software-as-a-service (SaaS) company reported its fiscal 2021 results last month. For the year, revenue grew 17% to $123 million and adjusted EBITDA, a cash flow proxy, jumped 58% to $16.2 million. Management also highlighted SaaS revenue growth of 113%, making the higher-quality SaaS revenue worth more than 15% of total revenue.

In the fiscal Q4 earnings call, Tecsys CEO Peter Brereton expected the strong momentum to continue into fiscal 2022 with “market opportunities in healthcare and the digital economy and to continue aggressively building our market presence domestically and in key international markets.”

After basing at about $40 per share, the growth stock has appreciated more than 20% in the last month or so. The majority of the rally appears to be related to McLeod Health rolling out Tecsys’s supply chain solution across its hospital systems, which consists of seven hospitals and multiple outpatient facilities.

Not-for-profit McLeod Health already uses Tecsys software solution for its consolidated service centre. McLeod Health management stated, “More accurate usage data and analytics [will help McLeod Health] be more efficient and better positioned to make strategic supply chain decisions… optimizing inventory availability and controlling costs.”

Heading into fiscal 2022, Tecsys believes it has the capabilities to grow market share with a higher demand for its products and services particularly in the healthcare and converging distribution markets.

Consequently, Tecsys remains a buy at current levels.

Canadian REIT growth stock yielding 4%

Most high-growth dividend stocks have low yields but that's not necessarily the case. So far, **Canadian Net REIT** (TSXV:NET.UN) has done a great job growing its dividend at a high pace, but its current yield is fabulously at 4%.

The real estate investment trust's (REIT) five-year dividend growth rate is 10.8%, which is almost unheard of among Canadian REITs. I also like that its dividend growth has been in a positive trend, as its recent dividend growth rates have been higher.

In 2020, during the pandemic, it was able to improve the company's fundamentals. It gained economic interest in an additional 17 properties, which helped drive rental income growth of 38%. It also increased net operating income and funds from operations per unit, respectively, by 38% and 18%.

Compared to 2019, it increased its interest coverage ratio from 2.6 times to 3.2 times. It also increased its debt service coverage ratio from 1.7 times to 1.9 times. Furthermore, it reduced its funds-from-operations payout ratio from 54% to 52%, while increasing its dividend by 15%.

The net lease REIT ended Q1 with an average lease term to maturity of almost eight years and a capitalization rate of 6.5%. Its real estate portfolio remains relatively small with about 84 properties, which provides ample room for double-digit growth.

Mid-month, Canadian Net REIT raised gross proceeds of $17.5 million from a bought deal at $7.45 per unit, which provides additional liquidity to maintain growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TCS (Tecsys Inc.)
2. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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Date
2025/07/07
Date Created
2021/07/22
Author
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