



2 Canadian Growth Stocks That Could Double in 2022

Description

Growth stocks are likely targets of investors in 2022. Companies like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) and **Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)), in particular, should be among the top buys, because the respective businesses are well positioned to deliver [consistent growth](#) from here on.

Nutrien is a large-cap dividend stock, while Vermilion plans to reinstate its dividend program. Thus, would-be investors can earn two ways: [price appreciation and dividends](#). The total return could be higher if the share prices double next year or in succeeding years.

Technology in the fields

Nutrien has unique competitive advantages that should generate superior long-term value. The \$54.27 billion company is a producer and distributor of crop inputs that help growers increase global food production. It boasts an extensive agriculture retail network and an integrated business model that provides a diversified earnings base.

The annual production and distribution volume of potash, nitrogen, and phosphate is approximately 27 million tonnes. Besides these crop inputs, Nutrien gets a significant earnings boost when fertilizer prices are rising. Notably, its available potash capacity exceeds existing production levels and is deployable as global demand increases.

In the first nine months of 2021, Nutrien reported record adjusted EBITDA (US\$4.7 billion) and free cash flow (US\$2.8 billion). Total sales increased 21% versus the same period in 2020, while net earnings grew to US\$1.9 billion from US\$143 million. Potash adjusted EBITDA soared 131% in Q3 2021 compared to Q3 2020.

Nutrien president and CEO Mayo Schimdt said, “The results demonstrate our ability to efficiently and reliably deliver crop inputs and services to our customers amid global supply uncertainties.” According to management, the outlook for agriculture & retail and crop nutrient markets are favourable.

Schimdt expects the positive momentum to continue this year and Nutrien to generate significant free

cash flow. He said it should strengthen the balance sheet, allow for further debt reduction, and provide flexibility to deliver future growth opportunities. If you invest today, the share price is \$95.08, while the dividend yield is a decent 2.47%.

Enhanced cash flows and earnings

Investors earned enormous windfall from Vermilion in 2020, despite the suspension of dividend payments. The energy stock's total return for the year was 182.92%. Also, had you invested \$10,000 on year-end 2020, your money would be worth \$29,168.54 on January 3, 2022.

According to management, the exposure to global commodity prices sets Vermilion apart from [industry peers](#) in North America. The \$1.86 billion international energy producer took advantage of higher global oil and natural gas prices in 2021. Its diversified asset base generated significant fund flows from operations as a result.

The good news is that the reinstatement of dividends in Q1 2022 is on the table but is subject for approval by the board of directors. In the first three quarters of 2021, fund flows from operations reached \$997.7 million, a 62.92% increase from the same period in 2020. Net earnings topped \$804 million compared to the \$1.45 billion net loss.

With a capital program of \$400 to \$450 million in 2022, Vermilion anticipates free cash flow of more than \$600 million and net debt range of \$1 billion by year-end.

Imminent breakouts

Growth investors should find Nutrien and Vermilion Energy very attractive options. The stocks' breakouts in 2022 are imminent.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:VET (Vermilion Energy)
3. TSX:NTR (Nutrien)
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