3 Quality Growth Stocks Could Neutralize Spiking Inflation

Description

Investors looking to neutralize spiking inflation can choose from three quality growth stocks. **Verde Agritech** (TSX:NPK) and **Crew Energy** (TSX:CR) lead the pack of top price performers with their year-to-date gains of 243.21% and 84.27%, respectively. In the slumping technology sector, **Converge Technology Solutions** (TSX:CTS) is well positioned for strong double-digit organic growth.

Top performer

Verde Agritech outperforms the broader market by a mile. Also, at only $9.61 per share, the trailing one-year price return is 700.83%. This $484.33 million fully integrated agricultural technology company operates from Brazil and produces potash fertilizers. The mineral and salt-bearing products are vital to improving crop productivity.

In Q1 2022, total revenue increased 1,260% to $11.3 million versus Q1 2022 due to the year-over-year sales volume growth of 574%. Verde Agritech's net profit for the quarter reached $3.03 million compared to the $1.81 million net loss in the same quarter last year. The agritech firm saw its information technology and software expenses bloat 290% versus the prior year quarter.

Cristiano Veloso, Verde Agritech's founder, president, and CEO, said, "2022 has started in a very shaky manner for the agricultural market globally. In Brazil, which depends on imports for over 96% of its potash supplies, the concern with fertilizers has been at the forethought of most farmers."

Because of growing demand, management revised its sales and revenue guidance for 2022. It targets one million tonnes in sales and $109 million in revenue. For 2023, Verde Agritech expect a 100% year-over-year growth is sales volume. Note that on May 16, 2022, this commodity stock advanced 16% already.

Long-term sustainability

Crew Energy remains a viable option for growth investors, despite the $1.37 million net loss in Q1

2022. The $806.13 million growth-oriented natural gas weighted producer reported sales (petroleum and natural gas) and adjusted funds flow (AFF) growths of 53% and 128% versus Q1 2021.

Dale Shwed, president and CEO of Crew, said, “Our results for the first quarter of 2022 are indicative of the significant progress achieved to date on our two-year asset development plan.” He added that Crew is on track to increasing production by over 20% in production by over 20% and improving year-end leverage metrics, underpinning long-term sustainability.

Crew’s two-year plan, which was launched in 2020, should result to continued production expansion and AFF growth in 2022. Moreover, the capital program focuses on high-return projects that will materially improve or strengthen Crew’s leverage profile.

Extremely strong demand

Market analysts covering Converge Technologies are bullish and recommend a buy rating. Their 12-month average forecast is $13.04, or a 93% appreciation from the current share price of $6.74. This $1.44 billion software-enabled IT and cloud solutions provider focused deliver industry-leading solutions and services in the private and public sectors.

Although Converge incurred a net loss of $2.4 million in Q1 2022 compared to the $3.66 million net income in Q1 2021, the business outlook remains very positive.

Apart from the 77% year-over-year increase in net revenue, the bookings backlog of $472 million accounts for 24% of total 2021 gross revenue in 2021. Its CEO, Shaun Maine, expects double-digit organic growth when the supply chain normalizes.

Pricing power

Given that the strong demand for their products and services, the three quality growth stocks should have pricing powers.

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Date
2025/09/09
Date Created
2022/05/18
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