



## 3 Growth Stocks I'd Buy if They Took a Dip

### Description

Many growth stocks have been hit hard in 2022 – rising interest rates and inflation are taking down their valuations. This has provided us with the opportunity to buy at more reasonable prices. But of course, not all growth stocks have taken a hit. Some have, in fact, held on pretty well. Some have even continued to rise in 2022.

Here are three that I'm watching patiently while waiting for a dip.

### Boyd Group Services: On a path to double the size of the business

As one of the largest operators of collision-repair centres, **Boyd Group Services** ([TSX:BYD](#)) sure has a strong growth runway ahead. The company has embarked on an ambitious growth plan. It's a plan that is expected to see the company double in size from 2021 to 2026. This implies a compound annual growth rate (CAGR) of 15%, and it would take sales up to more than \$3.7 billion. In the last five years, Boyd has grown its revenue at a CAGR of 10%.

In the first nine months of 2022, the collision repair shop operator has shown us why it's a top growth stock. The company has benefitted from a very strong economic environment in the U.S. and a recovering economy in Canada. Sales increased more than 32%, and adjusted EBITDA by 22.5% to \$199 million. Also, EPS increased 44% to \$1.25. Simply put, Boyd's services continue to see very strong demand.

The biggest hurdle for Boyd is the labour shortage that has hit – the company is struggling to get appropriately trained and skilled workers. Boyd is addressing this in a number of ways. Importantly, the company is instituting wage and price increases. Also, Boyd has set up an apprenticeship program in order to train the next generation of auto workers.

Boyd stock [trades at elevated multiples](#). So, investors may want to wait for the right time to buy.

## CGI: A true Canadian tech success story and one of the best growth stocks

**CGI Inc.** ([TSX:GIB.A](#)) is a \$24 billion IT and business consulting services firm. The company has grown by both organic growth and an aggressive acquisition strategy. This has allowed CGI to consolidate the fragmented IT services industry. It's also allowed CGI to continue to grow at impressive rates. In the last five years, CGI's revenue grew 12% to over \$12 billion in 2021. This growth has been accompanied by margin improvements and strong cash flow generation.

And this growth shows no signs of stopping. In its latest quarter, CGI delivered an 8% revenue and 8.6% EPS growth rate. Also, its backlog of \$24 billion is at record levels. This points to continued revenue growth to come. Strong cash flows, strong margins, and a strong balance have come to characterize this quality company.

So it comes as no surprise to see that CGI stock has held up really well despite the market turmoil of this year.

## Waste Connections: Another growth stock consolidating its industry

Lastly, we have **Waste Connections Inc.** ([TSX:WCN](#)), an integrated solid waste services company. It provides waste collection, disposal, and recycling services in the U.S. and Canada. Over the years, the company has also grown through acquisitions and organic growth. In fact, in five years, revenue has grown 33% to \$6.1 billion in 2021. Most recently, Q3 2022 results were better-than-expected and reflected strong industry fundamentals. Notably, pricing and sales volumes remain strong. Revenue rose 17%, EBITDA increased 16.3%, and free cash flow climbed 12.5% to \$929 million.

Looking ahead, this growth shows no signs of slowing down. Visibility is good and the outlook is positive. First of all, management expects to deliver double-digit revenue and free cash flow growth in 2023. Secondly, [the dividend was increased](#) by 10.9%. This is the twelfth consecutive double-digit increase.

So once again, it's easy to understand why Waste Connections stock has also held up so well this year. Actually, it's done more than just hold up – it's risen 12%. This is another stock I'm watching closely, ready to pounce when there's a dip.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:BYD (Boyd Group Income Fund)
2. TSX:GIB.A (CGI)
3. TSX:WCN (Waste Connections)

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