Got $1,000? Buy These Growth Stocks Before They Take Off

Description

Canada's primary stock market started strong in 2022 but eventually posted a negative return for the first time in four years. The 8.7% loss was steep compared to its 21.7% gain in 2021. Fortunately, the **TSX** bounces back after every loss.

Market experts anticipate growth stocks to rebound if the Bank of Canada moderates or pauses its rate hike campaign. If you have $1,000 to invest, now is the best time to purchase **Parkland Corporation** (TSX:PKI) or **Finning International** (TSX:FTT) before they take off.

Proven business model

Parkland trades at $29.71 per share and pays an attractive 4.38% dividend. While investors lost 10.7% last year, a stock resurgence is foreseeable. Its President and CEO, Bob Espey, said management's focus after accelerated acquisitions is integration, capturing synergies, deleveraging, and enhancing shareholder returns.

The $5.2 billion independent fuel and petroleum supplier expects to deliver record adjusted EBITDA in 2023 and hopes to achieve an adjusted EBITDA of $2 billion by 2025 without further acquisitions. After three quarters in 2022, Parkland's adjusted EBITDA stood at $340 million.

In the nine months that ended September 30, 2022, revenue and net earnings rose 76.8% and 179.8% year over year to $26.8 billion and $277 million, respectively. Parkland also operates convenience stores under brand names On the Run, The Corner Store, and Snack Express.

The current strategy is to develop the existing business in resilient markets; grow the food, convenience, and renewable energy businesses; and help customers to decarbonize. Parkland has secured $6.8 million in funding from Natural Resources Canada (NRCan) and the Government of British Columbia to support the building of 50 ultra-fast EV (electric vehicle) charging networks in Western Canada.

Expanded earnings capacity

Finning International is the world's largest Caterpillar dealer. Caterpillar Inc., an American Fortune 500 company, is the world's largest construction-equipment manufacturer. If you invest today, this industrial stock trades at $33.66 per share and pays a decent 2.8% dividend.

The $5.1 billion Canadian industrial equipment dealer operates in Western Canada, Argentina, Bolivia, Chile, Ireland, and the United Kingdom. It sells, rents, and provides equipment, parts, services and performance solutions. Finning caters to customers in various industries like construction, forestry, mining, and petroleum, plus others offering power systems applications.

According to its recently retired President and CEO, Scott Thomson, Finning has a solid foundation to navigate a dynamic global business environment. The financial prospects look good indeed following impressive Q3 2022 earnings results. In the quarter that ended September 30, 2022, revenue and net income rose 25% and 52% to $2.38 billion and $149 million, respectively, versus Q3 2021.

Expect management to report solid full-year 2022 results, although free cash flow could be negative due to supply and delivery schedule changes. Finning is confident that strong execution and continued market momentum will drive record results in 2023.

Built-in strengths

Parkland's differentiated business model and diversified customer base are competitive advantages, but it should rise to prominence by building the EV infrastructure. Meanwhile, Finning International is financially capable to endure a possible recession and still deliver outsized gains.

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