



Revealed: These 3 Growth Stocks Have Massive Potential

Description

A so-called ten bagger can really make a difference in any investor's retirement plan.

A ten bagger is a stock that goes up 1,000%. So a company trading at \$1 per share would go to \$10 per share. And one trading at \$10 per share would go up to \$100. An investment of \$10,000 would grow to \$100,000 in such a scenario, less taxes and any other expenses.

That's truly a life-changing amount of money.

Finding these stocks are hard, of course. If it were easy we'd all be rich. But they do tend to have a few things in common. They're all in markets that have great growth potential. They tend to be in sectors that don't require large amounts of capital to expand. And, most importantly, they need to be relatively easy businesses to scale.

These three growth stocks share all of those characteristics. Are they poised to be Canada's next great growth story?

Canopy Growth

Canopy Growth Corp (TSX:CGC) is Canada's largest marijuana grower, which currently serves customers who have medical approval to use cannabis. With Canada's ruling Liberal party indicating that legalization of the drug is likely in 2017, investors are rushing into what they view as the natural beneficiary of such legislation.

These investors are certainly on to something. According to recent reports, some eight million Canadians would be at least occasional users of marijuana if the drug were legalized. Additionally, more liberal laws in Canada would attract tourists from the United States and other countries who visit partly to consume as much marijuana as they want.

Canopy is well positioned to grow. It has a solid balance sheet with almost zero debt. Demand for its products should continue to scale up. And there are plenty of empty warehouses across the country that can be leased at bargain prices to grow plants.

Premium Brands

Premium Brands Holdings Corp. ([TSX:PBH](#)) has already gone up more than 77% over the past year. And yet this growth story might just be getting started.

The company has two main businesses. The first delivers various kinds of premium meat products to grocery stores under brand names like Harvest, Piller's, Grimms, and Freybe. The other serves restaurants and other food service companies.

While the meat business still has decent growth potential, it's bolt-on acquisitions that look attractive. Premium Brands can expand by getting into other types of products like snack foods, or further doubling down on other meat brands. Additionally, some 30% of revenues come from the U.S., where the company only has two manufacturing plants. There is plenty of growth potential in that country.

A decade ago the company did \$216 million in revenue. Over its last 12 months it did more than \$1.5 billion in top-line sales. Debt has remained relatively constant as a percentage of assets during that time, suggesting the company can maintain its past growth into the future without borrowing too much.

MTY Food Group

MTY Food Group Inc. ([TSX:MTY](#)) is a collection of franchised fast-food brands including brands such as Tiki-Ming, Extreme Pita, Jugo Juice, and many others. These brands are mainstays in food courts in malls across Canada.

What has investors excited is the company's recent expansion into the United States. MTY acquired Kahala Brands earlier this year, a company that operates 2,800 locations under 18 brands in 25 different countries. This opens up the United States as a major growth outlet in the next decade.

MTY is still a relatively small company with a market cap of just over \$850 million, and there are hundreds of small chains in the U.S. it can acquire. These are the kinds of things that make growth investors very excited.

By looking at great growth stocks like these three, investors can really supercharge their returns. Nothing is guaranteed, of course, but these companies certainly have greater potential than those in mature markets.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MTY (MTY Food Group)
2. TSX:PBH (Premium Brands Holdings Corporation)
3. TSX:WEED (Canopy Growth)

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Date

2025/09/07

Date Created

2016/08/03

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