



Attention Growth Investors: These 3 Stocks Have Huge Potential

Description

I don't think there's an investor alive who doesn't secretly pine for the ever-elusive 100-bagger.

Turning \$1 into \$100 is not something that will happen many times in an investor's life. In fact, most investors are barely patient enough to allow \$1 to grow into \$2, never mind a gain of 10,000%.

There's no simple formula that can consistently translate into that kind of profits. If there were, I'd be sitting on a desert island somewhere with my own golf course. But there are certain qualities investors can look for. A company must have a huge potential market. It must also have the ability to largely self-fund that growth. And, perhaps most importantly, it must have quality management that's capable of turning this potential into reality.

It's a tough task, but not impossible. Here are three Canadian companies with that kind of potential today.

Freshii

Freshii Inc. ([TSX:FRII](#)) is the future of fast food. Instead of greasy fried chicken, hamburgers, or french fries, the company serves food that is truly good for you. Salads are the staple of its menu, and diners can get soup or sandwiches as well.

Another thing that's impressive about Freshii is the company's flexible operating model. The average Freshii location doesn't need deep fryers or any specialized equipment. Since fresh ingredients are paramount to the chain's success, even cold storage is kept to a minimum. This means the concept is incredibly flexible and cheap to set up — two major pluses for potential franchisees.

Freshii recently reported its 2016 results, and they were a home run. Same-store sales grew by 6.8%, while the company opened 100 new locations for a total of 278 restaurants. Revenue shot 45% higher. Management also said the company plans to open between 150 and 160 new locations in 2017.

Dirtt

Dirtt Environmental Solutions Ltd. ([TSX:DRT](#)) is one of the most interesting construction companies out there. It uses its proprietary software to custom design interior space exactly to a customer's specifications. It then builds the floor plan in its plant and installs it, often at a much lower cost versus traditional methods. It's a smart way for the company to differentiate itself from the competition.

Growth might not be as strong as Freshii's, but Dirtt is still no slouch. The company nearly doubled its revenue from 2013 to 2016, and that's despite the energy sector — which was more than 20% of revenue in 2014 — virtually stopping all orders. Analysts project the company will grow the top line by 16% in 2017 and an additional 17% in 2018.

Shopify

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)) might be the best growth opportunity on the planet today. It is the leader in a sector that looks poised to surge forward for at least the next decade.

The company provides everything an entrepreneur needs to get their product online. Whether the need is a website with built-in e-commerce capabilities, marketing the product to get the word out, or inventory management, Shopify can take care of it.

In 2013, the company did just over US\$50 million in revenue. It did US\$389 million in 2016 with analysts projecting that the top line will hit US\$600 million this year and US\$825 million next year. Analysts also project Shopify will start posting positive earnings in 2018.

Even if profitability is a few years away, Shopify investors don't have to worry about liquidity. The company is awash in cash. As of December 31, it had US\$404 million in the bank versus US\$14 million in debt.

The bottom line

In a market where there aren't many growth opportunities, these three stocks are expensive. It's only natural for investors to pay up.

If just one of these companies captures its true potential, it could truly make a difference for your retirement. That's how powerful these kinds of stocks are. Will you miss out on that kind of upside in your portfolio?

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:DRT (DIRTT Environmental Solutions Ltd.)
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