Canada’s Top Growth Companies

Description

With the economy firing on all cylinders, there are many companies across the country that have been able to deliver above-average increases in revenues and profits as the economy has expanded. The challenge that investors may face as the prices of certain essentials continue to rise as growth may be harder to come by. As many investors will invest in a combination of value and growth companies, it remains important to be diligent enough to invest in those that are growing both the top and bottom lines, while avoiding companies that may not have sustainable business practices.

Although shares of **Shopify Inc.** (TSX:SHOP)(NYSE:SHOP) could have led the pack, the company, which has recently come under fire for its approach to obtaining new clients, will be excluded until the dust can settle.

Over the past several years, shares of **Dollarama Inc.** (TSX:DOL) have increased at an astounding rate, as the company has continued to expand its nationwide footprint by opening new locations and reaching a greater amount of the country’s population. In addition to having more locations, the company has successfully used its resources, creating economies of scale in addition to increasing the gross margin over the past several years. As consumers get more comfortable spending more than one or two dollars per item, the company and shareholders will be able to benefit from the continued growth and increasing dividend. Potentially, the company could reach a $200 share price by next year should things continue on the current path.

The biggest player in Canada’s medical marijuana industry, which is about to become even bigger and potentially turn the corner to sustained profitability, is **Canopy Growth Corp.** (TSX:WEED). With a market capitalization of more than $2.1 billion, it will be the leading supplier to many provincial governments within the next year. Given that the company has invested more than $65 million in long-term capital over the past three years or so, the capacity for production and higher revenues stands to more than double from current levels. Once profitability is reached, there will be no ceiling on the company’s potential.

Last up are shares of **Canada Goose Holdings Inc.** (TSX:GOOS)(NYSEGOOS), which has experienced growth in revenues of 38% over the past four fiscal years. Although the company has been around for many years, it has only been publicly traded for less than one year. As investors continue to demand returns, company management will be pressed to continue expanding into new markets with new products. To boot, there has been a significant improvement in the daily operations of the company when measuring inventory turnover numbers on a year-by-year basis.

Given the company’s return-on-equity numbers in comparison to the competition, shareholders still have a significant amount of runway left with this name.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:GOOS (Canada Goose)
5. TSX:SHOP (Shopify Inc.)
6. TSX:WEED (Canopy Growth)

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Category

1. Investing

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Author
ryangoldsman