3 Growth Stocks I'd Buy Right Now

Description

When looking at which stocks to invest in, I like to look for investments that have a lot of potential for growth. After all, while dividend stocks might provide you with some recurring income, growth stocks will offer the better returns overall.

Looking at a stock's growth potential goes beyond numbers, since it's important to understand its business and why it will grow. The past can be a good indicator, but investors should be careful not to use it as a predictor of future performance.

Below are three stocks that have significant growth potential and that could see their stock prices take off.

Seven Generations Energy Ltd. (TSX:VII) has seen explosive growth over the years with its top line rising from just $113 million in 2013 to over $2.2 billion in 2017 for an average compounded annual growth rate of 110%. Although it is unlikely that Seven Generations can continue that incredible rate of growth, it still has a lot of upside left.

As oil prices continue to climb, and with cuts expected to be in place until the end of the year, and perhaps even longer, it's likely we'll see prices continue to rise, which will provide an easy way for Seven Generations to grow its top line. With the industry still recovering, the company is well positioned to take advantage of when the bulls inevitably come back.

In 2017, Seven Generations netted an impressive $563 million in earnings for a profit margin of a whopping 25%. If the company can do this well in tough times, just imagine how well it could do when the industry gets back to where it needs to be.

At a price-to-earnings multiple of just 11, and trading at a little more than its book value, Seven Generations is attractively priced for both value and growth investors.

Fairfax India Holdings Corp. (TSX:FIH.U) allows investors a way to invest in one of the largest economies in the world. The company invests in various different Indian businesses and can give your portfolio a lot of diversification, while also capitalizing on the growth potential that exists in a major developing economy.

The company is still in its growth stages, and with $610 million in revenue last year, it is barely scratching the surface of what it can achieve. The stock is a great buy, as it trades at less than six times its earnings and just 1.3 times book value.

Cara Operations Ltd. (TSX:CARA) is a restaurant stock with a lot of big-name brands in its portfolio, and its recent acquisition of Keg Restaurants Ltd. will only make the company that much more diversified and powerful. The restaurant industry will benefit from a strong economy, and as disposable incomes rise, so too will revenues for Cara and other similar companies.

Although the stock has risen just 7% in the past year, it has a lot of potential down the road. The stock is fairly valued, as it is trading at 16 times its earnings and less than three times its book value, making it a good long-term investment. It also pays investors a modest dividend of 1.5%.

CATEGORY

1. Investing

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1. TSX:FIH.U (FAIRFAX INDIA HOLDINGS CORPORATION USD)
2. TSX:RECP (Recipe Unlimited)

PARTNER-FEEDS

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