3 Top Growth Stocks to Buy Right Now

Description

Hi there, Fools. I'm back again to highlight three intriguing growth companies. As a reminder, I do this because businesses with rapidly expanding sales and earnings

- have greater "multi-bagger" appreciation potential than the average company; and
- can often defend against an overall downturn thanks to truly unique products or services.

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While growth stocks are typically more volatile than the overall market, they can provide plenty of upside for enterprising long-term investors.

So, without further ado, let's get to this week's high-growth opportunities.

Playing around

Leading off our list is **Spin Master** (TSX:TOY), which has grown its top and bottom line by 83% and 274%, respectively, over the past three years. In recent months, shares of the toy maker have fallen by about 12%, making it an opportune time to get in on the action.

Bay Street is worried that recent insider selling could be a sign of bearish things to come, but I wouldn't be overly concerned. In Q2, Spin Master's earnings grew 22% as revenue increased 13% to $276.7 million. Moreover, the company generated $19.5 million in free cash flow during the quarter.

Positive free cash flow is generally a rare feat for high-growth plays, so it's especially encouraging to see.

All signs point to the fact that Spin Master's brands and entertainment franchises — including Hatchimals, PAW Patrol, and Gund — remain in high demand.

Easy does it

Next up we have **goeasy** (TSX:GSY), whose revenue and net income have more than doubled over the past five years. Year to date, shares of the alternative lender are up a solid 22% versus a loss of

5% for the **S&P/TSX Composite Index**.

To be sure, concerns are growing over potential regulatory changes to goeasy's operating environment. But if you're willing to accept some near-term uncertainty, the stock provides an attractively priced opportunity.

In Q2, goeasy's earnings jumped 33% as revenue grew 26% to $123.3 million. Moreover, the operating margin expanded 260 basis points while same-store sales increased 6.9% — its 33rd consecutive quarter of same-store sales growth. That suggests that goeasy's competitive position is only strengthening.

When you combine that positive operating momentum with a cheapish forward P/E of 10 and solid dividend yield of 2%, the regulatory risks might be worth taking on.

Accessible opportunity

My final growth idea this week is **Savaria** (TSX:SIS), which has grown its top and bottom line by 140% and 160%, respectively, over the past three years. During the same time period, shares of the personal mobility products company are up a whopping 260% versus just 46% for the **S&P/TSX Capped Industrials Index**.

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Savaria's recent strategic acquisitions are paying off handsomely. In the last quarter, earnings more than doubled to $6.4 million on revenue growth of 61%. Furthermore, net margins expanded 300 basis points to 9.9%, suggesting that management continues to squeeze significant cost synergies from its new segments.

After its strong price performance in recent years, Savaria isn't dirt cheap. But with a forward P/E in the low 20s and beta of 0.8 — still less volatility than the overall market — Savaria's risk/reward trade-off remains attractive.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:SIS (Savaria Corporation)
3. TSX:TOY (Spin Master)

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