



These 3 Growth Stocks Could Rise 1,000% in the Next Decade

Description

Many investors swear by growth investing, claiming that it's the best way to trounce the long-term stock market averages. If just one stock in your portfolio can skyrocket much higher, it makes up for a lot of mediocrity.

Finding such companies is no easy feat. History books are filled with stories about the next sure thing flaming out spectacularly. Still, it's not impossible. Investors should look for companies operating in sectors with plenty of growth potential while focusing on businesses without typical growth restraints. And then they have to avoid the failures.

When it all works out, this type of investing can be incredibly validating. Not only do investors get massive returns, but they also that feeling of knowing something the rest of us missed. They've earned the privilege of bragging about their results at a dinner party.

These three stocks look poised to deliver massive returns over the next decade.

Equitable Bank

Despite Canadian housing bears predicting the bubble will burst any minute now, **Equitable Group Inc.** ([TSX:EQB](#)) does nothing besides report consistently great results. This makes Equitable one of the most polarizing stocks out there. Investors either hate the subprime lender or think it's the next big Canadian financial institution.

Equitable's long-term growth has been fantastic. Over the last decade it grew top line revenues from \$78 million to \$349 million. Profits increased from \$2.78 to \$9.39 per share. This puts Equitable shares at just six times trailing earnings. Shares also trade comfortably under book value.

The whole reason for the stock's cheapness is worry about Canada's largest housing markets. If they fall 20-25%, it's bad news for Equitable. Bears say the company simply can't survive such a scenario.

Despite this overhang, shares have done remarkably well. In fact, Equitable shares are up more than 300% over the last decade, handily beating the performance of its much larger peers. I think the growth

is just getting started.

Cargojet

Cargojet Inc. ([TSX:CJT](#)) is a freight operator that transports packages in a network of some 14 Canadian cities, as well as select routes internationally. This is a good place to be in a world where commerce is increasingly done online.

The company's five-year growth has been fantastic. Revenue increased from \$169 million in 2012 to \$382 million in 2017. Earnings skyrocketed from \$4 million to \$23 million in the same period. 2018 looks like another solid year with revenues on pace to hit \$415 million.

Unlike with Equitable, investors will have to pay a premium valuation for all this growth. Cargojet should do approximately \$1.40 per share in earnings this year. Shares currently trade hands at \$79.55, which puts the current price-to-earnings ratio at 57. Analysts do project a sharp increase in the bottom line for next year, but shares still trade at nearly 30 times forward earnings.

Freshii

If investors need any reminder of what can go wrong following a growth strategy, they just need to look at **Freshii Inc.** ([TSX:FRII](#)) shares over the last year. They're down nearly 28% primarily because of poor same-store sales numbers.

Still, the company is posting remarkable growth, and we're still in the early stages of Freshii's overall potential. Total revenue was up more than 25% for the first six months of 2018, increasing from just over US\$8 million to US\$10.3 million. The company opened 89 new stores over the last year and a net of 25 in the most recent quarter. Instead of focusing on openings, investors focused on a lackluster same-store sales number, which was up just 0.9%.

Freshii has just 421 stores. There's easily potential for thousands of locations across North America alone, especially as more of us embrace healthy eating. The question is whether the company can capture that market or it'll be someone else.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:EQB (EQB)
3. TSX:FRII (Freshii)

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/07/02

Date Created

2018/10/26

Author

nelsonpsmith

default watermark

default watermark