3 Top “High-Ceiling” Stocks to Buy in November

Description

Hello again, Fools. I’m back to highlight three companies with rapidly growing revenue and earnings. In case you’re wondering, I do this because high-growth stocks

- have a better chance of delivering massive life-changing returns than the overall market; and
- often provide portfolio protection during a downturn (as investors flock to recession-proof growth opportunities).

Market volatility has returned with a vengeance. So, it might be the perfect time to seek out exceptional, market-independent growth plays to help cope with it — in other words, find stocks with a very “high ceiling.”

Without further ado, let’s get to this week’s list.

STEP in the right direction

Kicking things off is **STEP Energy Services** (TSX:STEP), which has grown its revenue and earnings at a whopping rate of 626% and 171%, respectively, over the past three years. Shares of the oilfield services specialist are down 63% year to date versus a loss of 14% for the **S&P/TSX Capped Energy Index** over the same time frame.

Volatile oil prices continue wreak havoc with the stock, but there’s plenty of reason to remain bullish. Over the first half of 2018, STEP generated record revenue of $372.2 million — an increase of 67% compared to 2017. And while weather-related delays forced some work to be rescheduled, management expects high utilization for the second half of 2018.

STEP’s high debt load isn’t for risk-averse investors. But the long-term upside coupled with a depressed stock price make STEP an enticing opportunity.

Jet setter

Next up, we have **Cargojet** (TSX:CJT), whose revenue and income have increased 463% and 33%, respectively, over the past three years. Year to date, shares of the overnight air cargo company are up 36% versus a gain of just 5% for the **S&P/TSX Capped Industrials Index**.

While the stock's momentum might turn off value-oriented investors, I wouldn't bet on a slowdown anytime soon. In Q2, adjusted EBITDA increased 17%, as revenue jumped 24% to $109 million. Meanwhile, gross margins expanded 9.4% over 2017. In other words, management continues to execute quite well in its goal to improve utilization and maximize profitability.

With a P/E of above 40, the stock isn't cheap. But given how stable and predictable Cargojet's growth is becoming, the shares might be worth paying up for.

Great Canadian growth

Closing things out is **Great Canadian Gaming** (TSX:GC), which has grown its top and bottom line by 83% and 49%, respectively, over the past three years. After a strong first half of 2018, shares of the casino operator are down 10% during the past three months.

Bay Street is becoming increasingly concerned that Great Canadian's recent GTA Bundle-fueled results aren't sustainable long term. Of course, this might be the perfect time to capitalize on those worries. The stock now sports a cheapish forward P/E of 14, along with single-digit EV/EBITDA multiple.

For a company growing so rapidly and that generates so much cash — trailing 12-month free cash flow clocks in at $209 million — that valuation seems too attractive to pass up.

Fool on.

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2. TSX:STEP (STEP Energy Services Ltd.)

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