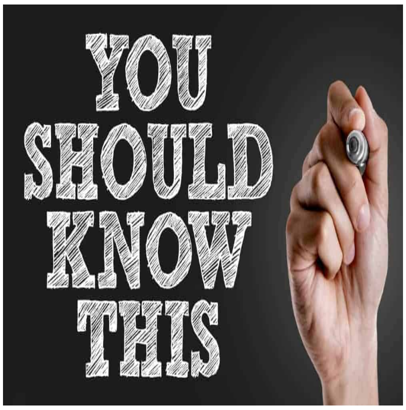

These 3 Explosive Growth Stocks Trade at Dirt Cheap Valuations

Description

Convinced that growth names are the key to big returns, many investors are moving away from the boring blue-chips that would normally make up the bedrock of a solid portfolio.

It’s easy to see why. Large-cap tech names — and other growth stocks — have been among the best performers both in Canada and the U.S. This growth has come at the expense of many former blue-chip stocks, which have struggled as a new, technology-heavy era is upon us.

In other words, the old guard has struggled to keep up with the times.

There also aren’t as many growth stocks as before for a multitude of reasons. Many promising new names get acquired by low-growth companies looking to boost the share price, and many tech companies are choosing instead to stay private and avoid the relentless scrutiny of the public markets.

The recent pullback is great news for growth investors, as they’re able to buy companies with huge potential for value prices. It’s the perfect time to enter into a long-term position in any of these three great stocks.

Facebook

Often, the best opportunities are the most obvious ones.

Everybody knows about the problems that **Facebook Inc.** (NASDAQ:FB) is dealing with right now. The company obviously put profits ahead of the privacy of its users, and then didn’t deal with it well when confronted with the problem. This issue, along with the overall tech sell-off, has decreased the share price from a high of US$220 to US$133.

But Facebook is a fantastic business — one that advertisers love. Analysts estimate that revenue will jump from US$55 billion this year to US$69 billion next year, an increase of nearly 30%. Earnings likely won't move up as much, but analysts are projecting that the company will earn US$7.44 per share next year. That puts shares at less than 18 times forward earnings, which is insanely cheap for a company with all sorts of long-term growth potential.

The Stars Group

I often like to search for terrific businesses first and then start my investment analysis from there. And **The Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG) certainly qualifies as a fantastic business.

The company has everything a growth investor should be looking for. It generates terrific returns on capital. Its Pokerstars platform dominates the world of online poker, which both attracts new players and keeps current ones from bolting. Growth from its recent diversification into casino games and sports betting has been a nice addition and the company has potential to grow via acquisition, as is evidenced by its recent acquisition of Sky Gaming.

Despite having all this going for it, shares trade at close to a 52-week low and at less than 10 times forward earnings expectations.

WestJet

WestJet Airlines Ltd. (TSX:WJA) might not seem like a growth stock that compares to the likes of Facebook, but the company has loads of potential to further expand into Europe and Asia. The company's new ultra-low cost carrier should also help it once again solidify its lead among budget travelers.

The company has quietly grown its top line by close to 10% a year since 2010 by adding new domestic and cross-border routes and by focusing on ancillary revenue from things like selling in-flight wifi and checked bag fees. With just a handful of routes to Europe, WestJet has barely cracked that market as well.

Unlike many airlines, WestJet is consistently profitable. Earnings may take a bit of a hit in the short-term as the company sets up new routes and takes delivery of some new planes, but the stock is still trading at a reasonable 14 times forward earnings.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:META (Meta Platforms Inc.)

PARTNER-FEEDS

1. Msn

2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Tech Stocks

Date
2025/09/11
Date Created
2018/11/20
Author
nelsonpsmith