3 High-Growth Canadian Stocks That Aren't Cannabis Stocks

Description

Since the legal cannabis market has yet to stabilize, growth investors may wish to buy stocks in more down-to-earth industries instead for the time being. The data for the following three stocks shows that there is considerable upside to be had in a range of industries — although overvaluation means that this selection may not be suitable for investors with an eye on low multiples.

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS)

Year-on-year returns of 58% are great to see in any stock, but for this outperforming star of the luxury goods industry, it signals a strong buy. A one-year past earnings growth of 151.5% reinforces the fact that Canada Goose had a great year. That growth in earnings is set to continue, though at a somewhat lower rate, with a 35.9% expected annual growth in earnings. Matched with a 36% past-year ROE, this makes for a high-quality stock.

A comparative debt level of 93.7% of net worth increases the risk of holding this stock for the long term, however. Though there are indeed worse-valued stocks on the TSX index, it has to be said that this is not a stock for value investors, with a high P/E ratio of 66.3 matched with a correspondingly bulky P/B of 24.4, while intrinsic overvaluation is shown by a share price that is double the future cash flow value.

Ballard Power Systems (TSX:BLDP)(NASDAQ:BLDP)

Overvalued by almost twice the future cash flow value, Ballard Power Systems isn't one for the value investor, but then high-growth stocks are often overvalued, so this should be no great surprise. Even with negative year-on-year returns, it still outperforms the Canadian electrical industry, though it underperforms in earnings for the same period.

A nice, low comparative debt level of only 5.6% of net worth shows that this is a suitable stock for the risk-averse mid- to long-term growth investor, but not so the value investor: a negative P/E ratio and P/B of 5.2 show that this is not the best-valued of stocks on the TSX index. However, with an expected

60.8% annual growth in earnings, you have a great pick for investors looking for high growth.

Wesdome Gold Mines (TSX:WDO)

With one-year returns of 84.2%, and a growth of earnings by 237.2% for the same period — both of which outperformed the metals and mining industry — this has to be one of the most exciting gold stocks on the TSX at the moment. It’s a timely pick, as gold is hitting the headlines all over the place at the moment, making this a top choice if you happen to be looking for upside in the mining industry.

The bottom line

With a P/E of 50.1 and P/B of 3.8, Wesdome Gold Mines may not be what you might call good value, but that really does come with the territory. A low debt level of just 5.5% of net worth makes this a relatively safe stock to hold onto until that growth materializes — around 67% in expected annual in earnings, if you want to put a figure on it. This makes it the stock with the highest expected growth on our list today.

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2. NYSE:GOOS (Canada Goose)
3. TSX:BLDP (Ballard Power Systems Inc.)
4. TSX:GOOS (Canada Goose)
5. TSX:WDO (Wesdome Gold Mines Ltd.)

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