



2 Stocks That Could Double by Year-End

Description

To consistently beat the market, investors have to find companies whose business models and market positions can consistently support sales and earnings growth. There are, of course, many industries to turn to when looking for such companies, but the cannabis and tech industries are indubitably two of the best. Let's look at two firms — one in each of the aforementioned industries — with the potential to double their share prices by year-end: **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) and **Shopify Inc** ([TSX:SHOP](#))(NYSE:SHOP).

Aurora's costly rise to stardom

As one of the leaders in a high-potential industry, Aurora garners a lot of positive attention from investors, but the Edmonton-based cannabis firm also has its doubters. Concerns about Aurora [diluting its shares time and time](#) again aren't rare. By relying on bought-deal offerings to go on an acquisition spree, Aurora took the risk of its share price being dragged down hard due to an insane number of outstanding shares.

Aurora's spending hasn't been a complete waste, however, and the company is making serious headway in the industry. With a presence in over 22 countries in five continents, Aurora is arguably the international leader among Canadian pot companies. Further, Aurora's production capacity exceeds that of any of its competitors, and the firm holds about 20% of the domestic market share.

More recently, [Aurora's stock popped](#) after the company announced a partnership with Billionaire Nelson Peltz. The investing guru's job will be to line up partners for Aurora to work with, something a few rival companies have already managed. Nelson Peltz will receive payment in the form of options to purchase almost 20 million of Aurora's shares for \$10.34.

So far this year, Aurora's share price is already up by 80%. How much Aurora has left in the tank hinges on several factors. There is the company's share dilution problem, whether Aurora manages to land a partner with deep pockets and industry know-how, and of course, the company's actual financial results. Aurora's shares could wind up significantly higher than they were at the beginning of the year.

Capturing the e-commerce sector

E-commerce giant Shopify isn't done turning in market-beating returns. The Ottawa-based firm's meteoric rise has been dizzying, and investors have flocked to cash in. The firm is benefitting like no other from an industry that is projected to continue on an upward trajectory for years to come. What's more, Shopify is doing it in a unique way. The company provides a different experience from that of its competitors.

Online merchants looking to stand out from the crowd can hardly do better than Shopify. The platform offers enough autonomy to its users who can focus on customizing their online stores based on their marketing needs. Shopify's Software as a Service model also comes with high switching costs. A unique service and high switching costs add up to an economic moat, one of the hallmarks of a great growth stock.

Shopify's revenues have soared by more than 500% over the past three years. The firm's gross merchandise volume (GMV) — or the total sales dollar value for the merchandise on its platform — reached 41 billion last year, a 57% increase from the previous year. Shopify is currently trading at about \$267 per share at writing. Low analyst estimates put the company's sales for the current year at about \$1.36 billion, which means that the company is trading at about 19 times its sales, a reasonable valuation given Shopify's prospects.

While the number of merchants on its platform and its GMV are still on the rise, Shopify has several more avenues for growth. Chief among them is its international operations. The firm has opened beta versions of its platform in various languages, including French, Spanish, Portuguese, among others. The e-commerce sector presents enough growth opportunities for the Ottawa-based company's share price — already up more than 40% this year — to increase substantially more.

The bottom line

A lot of things can go wrong between now and December 31. Perhaps Aurora's share dilution problem will rear its ugly head and hinder the company's growth, and maybe Shopify's sales and GMV will decrease. Even if both companies end the year significantly higher than at the start of the year, it still wouldn't mean that they are currently compelling buys, all things considered. However, it's essential to note that both firms are currently riding the wave of their respective industries.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ACB (Aurora Cannabis)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Cannabis Stocks
2. Investing
3. Tech Stocks

Date

2025/08/26

Date Created

2019/03/22

Author

pbakiny

default watermark

default watermark