



Revealed: 3 Top Growth Stocks Heading Into 2020

Description

Over the past decade, growth stocks have ruled the day. Amid an unprecedented bull market, growth investors have been rewarded with extraordinary returns. The good times are expected to continue into 2020, and, as such, investors would do well to hold a few growth stocks in their portfolios.

In screening for the top growth stocks in the country, I looked at expected earnings and revenue-growth rates. They must also have a track record of consistent growth. I've also left out industries that are speculative or that are highly dependent on commodity prices. Examples of those excluded were cannabis, oil & gas, and mining stocks.

With this in mind, these are three of the top growth stocks heading into 2020.

Lightspeed POS

Billed as the next **Shopify**, no other technology stock has [higher expected growth](#) rates than Lightspeed. Analysts are expecting 73% average earnings growth and for the company to grow revenue by approximately 50% on average. Since it went public this past March, the company's stock price has shot up 62%!

Considering the company has crushed estimates and guided upwards in each quarter since it went public, it is likely expectations are on the low side. Despite impressive gains, the company is trading well below the 52-week high of \$49.70 it achieved in early August. Over the past few months, the stock has been consolidating. This may be the perfect time to pick up the company before its next leg up.

Analysts have an average one-year price target of \$33.39 per share and are unanimous in their coverage: Lightspeed is a "buy."

Pinnacle Renewable Energy

An underfollowed [renewable energy](#) company, **Pinnacle Renewable Energy** (TSX:PL) manufactures,

distributes, and sells industrial wood pellets. Its industrial wood pellets are used by utilities and large-scale power generators to produce renewable and base-load power. The company hasn't had a great year, as its share price is down 28% year to date. However, there appears to be considerable upside in the company.

The company is on the verge of becoming highly profitable with expectations for 200% average annual earnings growth over the next couple of years. Yes, you read that correctly — 200%! Although revenue isn't expected to make such an extraordinary jump, it is still expected that Pinnacle grow revenue by an average 19% annually.

Analysts also see big upside potential. They have a one-year price target of \$12.36, which implies 42% upside from today's price of \$8.72 per share. The company is trading at a cheap 17 times forward earnings at only 0.74 times sales.

Morneau Shepell

A leading human resources consulting firm, **Morneau Shepell** (TSX:MSI) uses technology as an enabler, as it services clients worldwide. The importance of personal well-being is being increasingly recognized by organizations worldwide. Morneau Shepell is ideally situated to benefit given its suite of employee wellness, workplace mental health, and children support programs.

Don't be fooled by the company's astronomical P/E ratio of 106. The company is only trading at 40 times forward earnings and has a decent PEG ratio of 1.27, which is slightly lower than what you'd expect from a high-growth stock. Analysts are expecting the company to grow sales by an average of 19% over the next few years. This is much higher than the 6% average annual revenue growth it has achieved over the past five years.

Once again, analysts are unanimous in their coverage of the company: Morneau Shepell is a "buy."

CATEGORY

1. Investing
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