



3 Growth Stocks Ready to Double in 2020

Description

If you want to [double your money](#) in 2020, this is your chance. For the upcoming year, Canada has some of the most promising growth stocks on the market. They're not without risk, but the upside potential is clear.

Each stock listed below has already proven an ability to double in value. If you look at the fundamentals, there's reason to believe they can do it again in 2020.

The story has changed

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is a Canadian icon, but it's completely reinvented itself over the last few years. In 2008, it was the world's leading manufacturer of smartphones. Today, it doesn't even make smartphones. Instead, it's accumulated a portfolio of high-margin software products that generate recurring revenue and target some of this century's largest growth opportunities.

What kind of software does BlackBerry make? When it was manufacturing smartphones, the company was best known for its security. That's why politicians and high-profile business leaders continued using BlackBerries longer than the average consumer. Using its strong reputation in cybersecurity, BlackBerry has created products that secure new technologies like the Internet of Things, autonomous vehicles, and big data platforms.

This year, for the first time, nearly all of its revenue came from these next-gen products, helping BlackBerry generate positive organic growth. After years of shrinking, the company has finally turned a corner, but the market hasn't caught up yet. BlackBerry's valuation multiple is less than half of its competitors, possibly because investors still think of it as a hardware company. When the new narrative is fully established in 2020, expect the valuation gap to close quickly.

Building something different

The cannabis industry has been crushed this year, with many marijuana ETFs more than 50% off their

highs. The biggest issue was overly optimistic expectations for short-term traction. The other issue has been a flood of supply. Given cannabis is largely commoditized, pricing pressures have pressured bottom lines.

But not all cannabis companies are pursuing a commoditized strategy. **HEXO** ([TSX:HEXO](#))([NYSE:HEXO](#)), for example, is building a highly differentiated business: the first cannabis platform. Instead of selling directly to consumers, the company is building the required infrastructure for businesses to spin-up cannabis products.

This year, it closed a deal with **Molson Coors Canada** to co-create cannabis-infused beverages. In 2020, it plans on forming additional Fortune 500 partnerships in other categories like cosmetics, edibles, and sleep aids. Using existing brands like Molson should prove an effective strategy to grow sales and protect pricing power. If the company can acquire additional partnerships next year, validating its platform model, there should be considerable upside.

Expectations are too low

Maxar Technologies ([TSX:MAXR](#))([NYSE:MAXR](#)) is a simple pitch. Last summer, shares were priced at \$70. This April, the stock cratered to just \$7 given a slew of accounting, debt, and end market concerns.

“There’s almost no way Maxar is worth its current share price,” I wrote in April. “If the company can retain the trust of its customers and book new contracts, there should be significant upside. If poor financial controls have disguised the company as a source of profitability, Maxar’s high debt load could bring down the house, leading to a complete wipe out of equity holders.”

Today, the same calculus applies even though shares rebounded to \$14. If the company can continue to secure new contracts, as it has done nearly a dozen times in recent months, the stock price will continue to move closer to its previous highs. As of the latest close, the stock still has more than 400% to run until it reaches its former value. If momentum slows, however, and interest on its debt becomes difficult to service, there could still be 100% downside.

This is the highest-risk stock on this list, but it certainly has the highest upside as well.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Cannabis
2. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:BB (BlackBerry)

3. NYSE:MAXR (Maxar Technologies)
4. TSX:BB (BlackBerry)
5. TSX:HEXO (HEXO Corp.)

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Date

2025/08/24

Date Created

2019/11/29

Author

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