3 Perfect Growth Stocks for 2020

Description

Hi, Fools. I'm back to draw attention to three attractive growth stocks. Why? Because companies with rapidly growing revenue and earnings, have far more appreciation potential than the average stock and can help you outperform during bad times as investors flock to truly special growth stories.

As legendary investor Warren Buffett once said, "Put together a portfolio of companies whose aggregate earnings march upward over the years, and so also will the portfolio's market value."

So if you're looking to give your TFSA portfolio a boost in 2020 (with minimal downside), this is a good place to start.

Let's get to it.

Tasty opportunity

Leading off our list is **MTY Food Group** (TSX:MTY), which has grown its EPS and revenue at a rate of 117% and 298%, respectively, over the past five years. Over the past year, shares of the fast food restaurant operator are down about 13%.

MTY's growth should continue to be supported by a massive network of stores (over 7,000 locations worldwide), well-known brands (including Baton Rouge, Mr. Sub, and Thai Express), and steady cash flow generation. In the most recent quarter, free cash flow clocked in at a solid $26.9 million.

"We opened 84 locations across Canada, the U.S. and International, up 25% over last year," said CEO Eric Lefebvre. "We are well positioned to continue the growth of MTY."

MTY shares currently trade at a forward P/E in the mid-teens.

Jet-setting

Next up, we have **Cargojet** (TSX:CJT), which has grown its EPS and revenue at a rate of 277% and

54%, respectively, over the past five years. Shares of the overnight cargo company have gained about 27% over the past year.

Air cargo isn't exactly a sexy business, but Cargojet's market-leading position (over 90% share in Canada) and solid domestic network coupled with overall growth of ecommerce, make it a highly attractive opportunity. In the most recent quarter, for example, adjusted EBITDA jumped 24% as revenue improved to $117 million.

"As we enter the peak shipping season, our team will be focused on continuing to meet our customers' capacity requirements while delivering the best customer experience for this holiday season," said CEO Dr. Ajay Virmani.

Cargojet currently trades at a P/E of around 60.

Mobility maven

Rounding out our list is **Savaria** (TSX:SIS), which has delivered EPS and revenue growth of 109% and 348%, respectively, over the past five years. Shares of the personal mobility specialist are up about 8% over the past year.

Savaria continues to lean on its leadership position in the mobility space, diverse range of products (from stair chairs to ceiling lifts), and steady cash flow generation to deliver solid results for shareholders. In the most recent quarter, adjusted earnings spiked 79% as revenue improved 34%.

"Revenue from our Accessibility segment grew organically by 8.3% during the quarter, bolstered by shipments of Savaria's core residential elevators from its Brampton facility, which increased by 13% compared to Q3 2018," said CEO Marcel Bourassa.

Savaria currently trades at a forward P/E in the low 20s.

The bottom line

There you have it, Fools: three attractive growth stocks for 2020.

They aren't formal recommendations. Instead, view them as ideas worth further research. Even stocks with breakneck growth can crash hard if you don't pay attention to valuation, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)

2. TSX:MTY (MTY Food Group)
3. TSX:SIS (Savaria Corporation)

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bpacampara