2 Canadian Growth Stocks That Will Keep Giving in 2020

Description

This year has been a great one for investors who put their faith in the S&P/TSX Composite Index, as it suffered a rout in late 2018. The index has roared to record highs in 2019, and things are looking up for the global economy pending a crucial United States-China trade deal.

Investors may have their minds on the holidays today, but it does not hurt to consider what stocks could be set for a big growth spurt over the next decade. Today, I want to look at two of my favourites heading into the new year.

Kinaxis

Kinaxis (TSX:KXS) has been a high performer on the TSX since its initial public offering back in 2014. The Canadian tech sector may not offer a huge trove of equities, but in the case of Kinaxis, we have quality over quantity. This company is based in Ottawa and provides software solutions for sales and operations planning and supply chain management. The growth of Kinaxis is one of the main reasons Canada has emerged as a leader in supply chain software.

When this year started, I'd listed Kinaxis as one of three stocks that was perfect for a starter TFSA. Shares of Kinaxis have climbed 57.9% in 2019 as of early afternoon trading on December 18. The stock has achieved average annual returns of 40% over the past five years. Over this period, it has won promising partnerships with **Toyota Motors**, **Ford**, Volvo, **Unilever**, and others to provide its top-of-the-line supply chain solutions software.

Earnings at Kinaxis are forecast to grow steadily into the early part of the next decade. In the year-to-date period in 2019, Kinaxis has reported adjusted profit of $25.6 million compared to $20.1 million in the prior year. The stock is trading at a premium at the time of this writing, but it's hard not to love Kinaxis as a long-term play.

goeasy

goeasy (TSX:GSY) is a financial services company that is well positioned for growth into the next decade. Consumers are wrestling with ever-higher debt levels in Canada, and companies like goeasy have stepped in to provide alternatives. goeasy offers loans to subprime borrowers through easyfinancial, and its easyhome segment sells furniture and other durable goods on a rent-to-own basis. Shares of goeasy have climbed 93% in 2019 at the time of this writing.

Both of its key segments have performed exceptionally well in the back half of this decade. In the third quarter, easyfinancial saw its secured loan portfolio grow $41 million year over year to $101 million. Total application volume increased 25% from the prior year. easyhome posted same-store revenue growth of 2.4%, and its consumer lending portfolio rose from $17.2 million in Q3 2018 to $33.5 million.

Total assets at goeasy have climbed 26% year over year to $1.24 billion at the end of the third quarter. The company forecasts total revenue growth between 14% and 16% in FY 2020 and between 10% and 12% in FY 2021. It also aims to open 10-20 easyfinancial locations on an annual basis.

Shares of goeasy are trading close to the 52-week high but still possess a favourable price-to-earnings ratio of 14 and a price-to-book value of 2.9. Better yet, goeasy offers a quarterly dividend of $0.31 per share, representing a 1.8% yield.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date
2025/08/16
Date Created
2019/12/24
Author
aocallaghan