2 Growth Stocks I'd Buy in January

Description

The Canadian stock market put together a fantastic 2019, as the TSX Index soared to record highs. Things were positive on the domestic front, but many TSX-listed stocks have thrived due to their international reach. For example, in May, I'd discussed how **Scotiabank** was gaining steam on the back of its Latin American presence.

Today, I want to look at two stocks that are well positioned to post growth on the back of international expansion in this new decade. Let's jump in.

Dollarama

Dollarama (TSX:DOL) was one of the stars of the last decade. Its 10-year total return over the course of the 2010s was a whopping 1,030%. The stock has done work for investors who got in early, and this should come as no surprise. Dollar stores have enjoyed a renaissance in the years following the 2007-2008 recession. This expansion has stretched beyond North American borders.

In the summer of 2019, Dollarama acquired a 50.1% interest in the Latin American value retailer Dollarcity. This establishes a second growth platform for the Canadian retail giant, and one that holds huge promise in the years to come. At its latest quarter ended September 30, 2019, Dollarcity operated 210 stores, with 104 locations in Colombia, 48 in El Salvador, and 58 in Guatemala. The subsidiary aims to surpass its annual target of 40-50 net new stores for the previous calendar year.

Shares of Dollarama have dropped 7.9% over the past month as of close on January 2. It reported a higher gross profit and sales in the third quarter of fiscal 2020, but its margins shrank as it held firm on value prices. A Latin American expansion could be just what the doctor ordered to spur improved growth to kick off the 2020s.

Jamieson Wellness

The damaging United States-China trade war has shown some signs of subsiding as the economic giants are nearing a limited trade deal. This is great news for companies like **Jamieson Wellness** (TSX:JWEL), which are pinning their growth hopes on an expansion into China and other parts of Asia. Its stock climbed 20% in 2019.

Jamieson released its third-quarter 2019 results on November 6. Consolidated revenues increased 11.2% to $88.6 million and adjusted EBITDA rose 8.6% to $19.4 million. Adjusted net income climbed 7.2% to $9.5 million.

In the third quarter, Jamieson announced that hit had begun shipping into domestic channels in China. This included 15 registered products to a global mass retail partner. Jamieson reported 23.9% growth in international sales in the third quarter, which was led by its performance in China.

Shares of Jamieson Wellness were trading close to a 52-week high as of close on January 2. The stock currently possesses a high price-to-earnings ratio of 35 and a price-to-book value of 3.9. I'd like to see Jamieson improve its debt position going forward, but it still offers promising growth in a sector that is experiencing global expansion. Its push into China should inspire investors to consider the stock in early 2020.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:JWEL (Jamieson Wellness Inc.)

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