



## TFSA Investors: 1 Canadian Growth Stock That Can Make You Rich

### Description

When it comes to equity investing, it is prudent to err on the side of caution. Income investors are advised to look for stocks with robust dividend yields, strong fundamentals and large market caps. These investments should account for the majority of your equity portfolio (at least 80%).

However, the lure of stocks that can rise exponentially is hard to resist. Growth stocks have created significant wealth over the years and investors are always on the lookout for the next **Apple, Amazon, Facebook, Google, or Netflix**.

Growth stocks tend to crush market returns in a bull run and grossly underperform the broader markets in a sell-off. The high valuation metrics of growth stocks result in a significant decline for investors during a downturn. But if you can look beyond the volatility of these stocks, you'll be rewarded over the long term.

One such stock that is expected to grow sales at a solid pace is **Score and Gaming Inc.** (TSXV:SCR). This is a Canada-based company in the gaming space that creates digital products and content for sports fans.

Score and Gaming has a mobile application called theScore, which is a multi-sports news and data app for North America. The app provides extensive coverage of every league, team, and player. It offers real-time core alerts, fantasy stats, and news.

### Focus on sports betting

SCR sales stood at \$26.3 million in fiscal 2017 (year ended in August) and rose to \$31.1 million in 2019. Analysts now expect sales to touch \$46.9 million in 2020, \$67.6 million in 2021 and \$79.3 million in 2022.

The company is banking [on the new legislation that allows sports betting](#) in the United States. The betting industry is still at a nascent stage with opportunities for significant growth. SCR is the first media firm in North America to create and operate a mobile sportsbook.

In the fourth quarter of fiscal 2019, the company's personnel expenses rose to \$4.64 million, up from \$3.56 million in the fourth quarter of 2018. According to SCR, "The increase for the three months and year ended August 31, 2019 was due to growth in the number of full-time employees to support the Company's entry into the sports betting business. Full time personnel as at August 31, 2019, were 210 compared to 192 as at August 31, 2018."

Its mobile sports betting application, 'theScore Bet' aims to provide an immersive and holistic experience. Score and Gaming has reportedly entered into several new agreements in the sports betting segment that will increase future contractual commitments.

The betting app is live and taking bets in New Jersey. The company closed a \$40 million investment in the last quarter from Fengate Asset Management to fund the growth and development of its media and sports betting business.

Further, SCR also experienced a record-breaking fourth-quarter in terms of audience growth, engagement and ad revenue in its media business.

## The verdict

Score Media and Gaming has a market cap to forward sales ratio of 6.5 which is a bargain considering the company's growth rates in 2020 and beyond. Though currently unprofitable, SCR is expected to improve EBITDA from -\$6.49 million in 2019 to -\$5.8 million in 2020, \$1.8 million in 2021 and \$8.9 million in 2022.

SCR stock has gained 170% in the last year, easily outperforming broader markets. The stock has significant upside potential considering its valuation, expanding addressable market and rising profitability.

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## 2. Tech Stocks

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