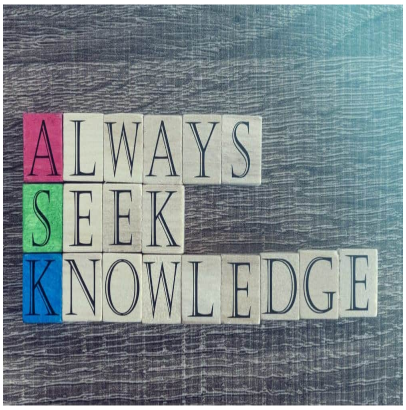

2 Best Canadian Growth Stocks to Buy in 2020

Description

Investors interested in amassing a substantial wealth in the long run can use several strategies to achieve their financial goals. One of the most sought-after strategies for attaining this goal is value investing. The method involves looking for growth stocks with the potential to appreciate significantly from the price you buy the shares.

Such stocks are also known as growth stocks. Investors are increasingly looking for more growth stocks, despite most of the **TSX** stocks already reaching to all-time highs.

When the market is generally considered overvalued, it may be risky to invest in growth stocks. Bear in mind that finding suitable growth stocks takes due consideration and research.

Today I'm going to discuss **Cargojet Inc** (TSX:CJT) and **CAE Inc** (TSX:CAE)(NYSE:CAE) stocks. Shares from both companies have the potential to outperform the TSX in the long run.

We will take a look at stocks from both companies so you can decide whether you want to invest in shares from the two companies in 2020.

Cargojet

Over the past 12 months, the Cargojet stock has appreciated by almost 50% and is trading for $113.20 per share at the time of writing. Analysts are touting the stock to reach a higher valuation moving forward.

Cargojet is a $1.76 billion market capitalization firm that offers air cargo services across ten cities in Canada. Analyst expectations have placed the company's sales to appreciate 8.8% to $530.77 million in 2020 or higher. It also has an enterprise value of a massive $1.74 billion.

The enterprise value to revenue ratio is a healthy 3.63 at the time of writing, a reasonable ratio given the growth rate of the company.

In the past five years, the stock has appreciated by more than 330% and is expecting to grow further in the long run. Cargojet has partnered with the likes of Amazon and Canada Post, giving the company plenty of room to appreciate in the next few years.

CAE

CAE is a company that operates in a training capacity for various industries in Canada. It offers professional training for the healthcare, defense, and civil aviation markets.

The firm also specializes in designing and integrating training solutions for maintenance, flight, and ground personnel across several aviation segments.

The CAE stock is trading for $38.48 per share at the time of writing, almost 40% above its price 12 months ago. With a massive $10.22 billion market capitalization and an enterprise value of $7.72 billion, analysts are expecting the stock to see enormous growth in the coming years. The sales are expected to increase to $3.70 billion in fiscal 2020 and to $4.05 billion by 2021.

It has a reasonable price to book ratio of 4.71 as of this writing and a modest dividend yield of 1.14%. While the dividend might not be attractive, a payout ratio of 32.54% suggests there is plenty of room for dividends to grow.

Foolish takeaway

Both CAE stock and the Cargojet stock hold excellent potential for growth. With modest dividend yields, the companies might not offer much in terms of payouts but make up for it in massive long-term growth potential.

I think it can be worth your while to consider allocating some of the contribution room in your TFSA to stocks from both companies.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)
3. TSX:CJT (Cargojet Inc.)

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