Canada’s Top Growth Stocks Under $5

Description

There is a certain level of attraction about stocks with a low share price. At the heart of this attraction is the fact you can buy more shares in a company.

For example, if you had $1,000 today, you could only buy one share of **Shopify** (TSX:SHOP)(NYSE:SHOP) which has been one of Canada’s hottest stocks over the past few years. Conversely, you could buy 200 shares of a company trading at $5.00 at writing.

Although a company’s share price has no bearing on performance, getting in early on high-growth stocks has the potential to yield outsized returns. With that in mind, here are two growth stocks that have made big moves and are projected to maintain strong forward momentum.

Hamilton Thorne

This little-known health care company is one of the fastest growing in the industry. The company develops, manufactures and markets laboratory equipment consumables, software and services to the Assisted Reproductive Technologie (ART) field — a $17.5 billion dollar market.

Hamilton Thorne (TSXV:HTL) has a global footprint and has grown revenues at an impressive clip. Over the past five years, it has posted an impressive 31% compound annual growth rate (CAGR). Perhaps more impressively, it has grown EBITDA at a CAGR of 71% over the same period.

The industry is highly fragmented, with approximately 160 players in the ART laboratory supplier market. As a top 10 company, Hamilton Thorne is becoming a leading consolidator with five accretive acquisitions over the past five years.

Looking forward, the company is expected to grow earnings at a 50% annual rate and all five analysts rate the company a buy. They have an average one-year price target of $1.54, which implies 31% upside from today’s price of $1.18 per share. Even the lowest price on the street ($1.40) points to double-digit gains (19%).

WELL Health Technologies

One of the top **TSX** Venture companies in 2018 and 2019, **WELL Health Technologies** (TSX:WELL) recently graduated to the TSX Index. WELL is a leading electronic medical records company that also owns and operates a series of medical clinics.

Over the past year, the company has been a leading industry consolidator, and as a result has become the third largest EMR provider in Canada and the largest OSCAR service provider in the country.

The company's performance has been nothing short of staggering. Over the past three years it has doubled a number of times, returning a total of 1,100% over this period. Given that the company is growing revenue at a triple-digit pace, another double in 2020 is not out of the question.

Analysts have a one-year price target of $2.19 per share, which implies 17% upside from today's price. Keep in mind, however, that this doesn't take any future acquisitions into account. Over the past few months, the company has been aggressive in the M&A space closing on four deals since September.

Foolish takeaway

It is not recommended that investors chase stocks with a low share cost. However, there are always exceptions that can yield outsized returns.

Hamilton Thorne and WELL Health Technologies are two such examples. They operate in industries that provides them considerable organic growth opportunities. Similarly, as leading consolidators they are both emerging as industry leaders within their own niches.

Although both have run up in a big way, there is still plenty of upside left in both of these little-known, high-quality companies.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:HTL (Hamilton Thorne)
2. TSX:WELL (WELL Health Technologies Corp.)

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mlitalien