



3 Stocks That Could Hit a \$1B Market Cap in 2020: Jump In Now

Description

Hi there, Fools. I'm back again to highlight three attractive small-cap stocks. As a reminder, I do this because companies with a market cap under \$2 billion

- have [much more room to grow](#) than larger more established "blue chips"; and
- are largely ignored by professional analysts.

So, while small-cap stocks [tend to be on the volatile side](#), the upside return potential is often well worth the risk.

If you're looking to make big returns in 2020, this is a good place to begin looking.

Steely eyed

Leading off our list is steel products manufacturer **Stelco Holdings** ([TSX:STLC](#)), which sports a market cap of \$915 million.

Low steel prices and economic uncertainty have weighed heavily on the stock over the past year, but now might be the perfect opportunity to pounce. In the most recent quarter, Stelco posted operating income of \$9 million on revenue of \$475 million.

More importantly, Stelco ended the quarter in a strong liquidity position with \$349 million of cash.

"Our willingness to invest and challenge ourselves to innovate, will place Stelco in a position of strength as we operate through the balance of the year and into 2020," said CEO David Cheney.

Stelco currently offers a dividend yield of 4.0%.

Wake-up call

With a market cap of \$780 million, mattress and bedding retailer **Sleep Country Canada Holdings** ([TSX:ZZZ](#))

) is next on our list of attractive small caps.

The stock has been pressured over the past year on plenty of macroeconomic uncertainty, but now might be an opportune time to pounce. In the most recent quarter, EPS came in at \$0.60, as revenue increased 14% \$210 million.

More importantly, same-store sales growth — the most important gauge of retailer's health — was positive at 0.5%.

"As we continue to expand our footprint, our new stores are consistently exceeding our budgeted expectations demonstrating the effectiveness of our real estate strategy and the importance it plays in the overall omni-channel experience for this very tactile product," said CEO David Friesema.

Sleep Country sports a solid yield of 3.7%.

Elevation sensation

Rounding out our list is accessibility specialist (lifts and elevators for wheelchair users) **Savaria** ([TSX:SIS](#)), with a market cap of about \$780 million.

Savaria continues to offer a rare mix of both growth and dividend income. In the most recent quarter, for example, adjusted earnings popped 79% to \$8.1 million as revenue increased 34%. But more importantly, the company has also raised its dividend 26% over the past year.

Looking ahead, management still sees full-year revenue of \$370 million-\$380 million.

"We met our goal of attaining an adjusted EBITDA to revenue ratio of over 16% for the quarter, stemming mainly from our on-going integration of Garaventa Lift and the decision to exit Span's custom products business," said CEO Marcel Bourassa.

Savaria boasts a solid dividend yield of 3.2%.

The bottom line

There you have it, Fools: three attractive small-cap stocks worth checking out.

As always, they aren't formal recommendations. Instead, view them as a starting point for more research. Small-caps carry more risk than the average stock on the TSX Index, so extra caution is required.

Fool on.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SIS (Savaria Corporation)
2. TSX:STLC (Stelco Holdings Inc.)
3. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/07/03

Date Created

2020/02/15

Author

bpacampara

default watermark

default watermark