



3 High-Growth TSX Stocks That Could Soar In 2020 and Beyond

Description

Investing in high-quality growth stocks is a surefire way of creating wealth. Growth stocks generally outperform broader markets in a bull run, and though they lose significant value in a sell-off, companies with strong fundamentals make a comeback sooner rather than later.

Here we look at three Canadian growth stocks that can beat market returns in 2020.

Shopify is already up 33% in 2020

Shares of Canada's most famous tech company **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) have generated staggering returns since its IPO. The stock is up over 4,100% since it went public, which means a mere \$1,000 investment in Shopify's IPO would have been worth about \$42,300 today.

Shopify stock has crushed market returns due to its stellar growth in revenue and earnings. However, this has also meant that the stock is now trading at a market cap to forward sales ratio of 29.2, which is expensive, to say the least.

Analysts expect Shopify sales to rise by 37% in 2020 and by 33.6% in 2021. Comparatively, its earnings are estimated to rise at an annual rate of 50% in the next five years.

Investors will be concerned over its sky-high forward price to earnings multiple of 679 but the company's growth story remains intact.

Shopify is investing heavily in building fulfillment centres and creating an ecosystem for online merchants and sellers. While Shopify stock may correct in case of a broader market pullback, it remains one of the top picks for long-term growth investors.

MTY Food Group

Shares of **MTY Food Group** ([TSX:MTY](#)) have returned 51% in the last five years. MTY is a Canada-

based company that operates and franchises quick-service restaurants. It also operates distribution centres and food-processing plants. Some of the company's popular outlets include Panini Pizza Pasta, Vie & Nam, Tiki-Ming, and Thai Express.

MTY has increased sales from \$196 million in 2016 to \$353 million in 2018. Analysts expect sales to touch \$568 million in 2019, and \$658 million in 2020 as the company [continues to open several outlets](#) (currently 7,000 locations).

MTY has increased earnings by an annual rate of 20.7% in the last five years, and analysts expect the firm's earnings to rise by 21.9% in the next five years. MTY stock is trading at an estimated 5-year PEG ratio of 0.76, making it one of the cheaper growth companies to bet on.

Savaria is a solid long-term bet

Shares of **Savaria Corp** have remained flat in the last year, albeit gained close to 200% in the last five years. Savaria offers a range of stair lifts, platform lifts, and residential and commercial elevators. Savaria designs, engineers and manufactures personal mobility products.

For 2019, analysts covering the company expect sales to increase by 31.1% to \$375.13 million. In the first nine months of 2019, Savaria sales rose 44.1% to \$277 million. Analysts also expect Savaria to increase earnings by 25% in 2019 and 20% in 2020.

We can see that the stock is trading at a forward price-to-earnings multiple of 23, which is cheap especially after accounting for a forward dividend yield of 3.23%.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:SHOP (Shopify Inc.)

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Author

araghunath

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