



Profit From This Selloff: 3 Top Growth Stocks to Pounce on Now

Description

Hello, Fools. I'm back to draw attention to three attractive growth stocks.

Why? Because companies with rapidly growing revenue and earnings have far more [appreciation potential](#) than the average stock, and can help you outperform during bad times as investors flock to truly [special growth stories](#).

So if you're looking to truly capitalize on the recent downturn, this is a good place to start.

Stylish pick

Leading off our list this week is fashion retailer **Aritzia** ([TSX:ATZ](#)), which has grown its EPS and revenue at a rate of 154% and 78%, respectively, over the past five years.

The stock has been hit hard along with the rest of the market, providing growth-oriented Fools with a potential buying opportunity. Specifically, Aritzia's strategic mix of products, growing customer awareness, and solid management team continue to underpin its long-term investment case.

In the most recent quarter, net income increased 7% as revenue improved 10%. More important, same-store sales — the key metric to gauge a retailer's health — grew an impressive 5.1%. That marks the 21st straight quarter of positive same-store sales growth.

"Looking ahead at the new initiatives we are embarking on, from the product lifecycle management system implementation and the introduction of digital selling tools to enhancing our omni-channel capabilities and upgrading our communication platforms, we are continuing to innovate," said Founder and CEO Brian Hill.

Aritzia shares trade at a forward P/E in the high-teens.

Dollar days

Next up, we have discount retailer **Dollarama** ([TSX:DOL](#)), which has grown its EPS and revenue at a rate of 128% and 58%, respectively, over the past five years.

Dollarama shares have held up well during this crash, suggesting that its business model is relatively recession-proof. Specifically, consumers should continue to flock to Dollarama due to its highly discounted items and well-recognized brand.

In the most recent quarter, EPS increased 10% as sales improved 9.6% to \$947.6 million. Meanwhile, same-store sales increased a solid 5.3%.

"I am very pleased with our strong top line performance through the first nine months of fiscal 2020, reflecting the strength of our business model and the continued appeal of our concept to consumers across Canada," said President and CEO Neil Rossy. "We are also meeting our growth objectives with 21 net new stores opened in the third quarter and the upcoming completion of our distribution centre expansion project."

Dollarama currently trades at a forward P/E in the high-teens.

Video star

Rounding out our list is Montreal-based telecom **Quebecor** ([TSX:QBR.B](#)), which has grown its income and revenue at a rate of 615% and 16%, respectively, over the past five years.

Quebecor shares have also been resilient in recent weeks, providing investors with plenty of comfort. After all, the company's massive telecom subsidiary Videotron — connects to over 2.8 million homes in Quebec and has over 900,000 wireless subscribers — should continue to thrive even in a recession.

In 2019, net income jumped to \$653 million as revenue improved 2.7% to \$4.3 billion. More importantly, operating cash flow increased \$132 million to \$1.14 billion.

"The 2019 financial year was remarkable for Quebecor in terms of both financial profitability and technological advances," said President and CEO Pierre Karl Peladeau. "Our solid financial results and business model will allow us to continue investing in promising projects and advanced technologies to support further growth in our mobile telephony business."

Quebecor trades at a forward P/E of about 12.

The bottom line

There you have it, Fools: three attractive growth stocks to check out.

They aren't formal recommendations. Instead, view them as ideas worth further research. Even stocks with breakneck growth can crash hard if you don't pay attention to valuation, so plenty of due diligence

is still required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:QBR.B (Quebecor Inc.)

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1. Business Insider
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