1 Super Growth Stock That Can Explode This Decade

### Description

Canada saw another gaming stock leave its markets after Stars Group was amalgamated into the Dublin-based gambling giant Flutter Entertainment. The COVID-19 pandemic and subsequent lockdowns have led to solid growth for online gaming companies. This stands to reason with people looking for distractions in their homes during this crisis. Traditional casinos, however, have been forced to close their doors. Today, I want to look at a growth stock that has been forced to swallow this bitter pill in 2020.



## This growth stock has been hit hard by the COVID-19 pandemic

**Great Canadian Gaming** (TSX:GC) is a Richmond-based company that operates as a gaming and entertainment company. This time last year, I'd suggested that this growth stock was a buy, as it had taken a hit due to an anti-money-laundering investigation.

Shares of Great Canadian Gaming have dropped 40% over the past three months as of close on May 21. Casinos and the hospitality sector at large have been throttled by the COVID-19 pandemic, but this is also a perfect time to add top growth stocks on the dip. First, let's explore how it has fared during this crisis and how it can emerge in the latter half of 2020.

In the middle of March, the company announced the temporary suspension of gaming facilities in Ontario, British Columbia, Nova Scotia, and New Brunswick. Great Canadian Gaming released its first-quarter 2020 results ending March 31, 2020, on May 5. This means investors got a glimpse of its degraded business in the final two weeks of the quarter.

The company's revenues fell 10% year over year to $273.8 million in Q1 2020. Adjusted EBITDA decreased 6% to $103 million. Fortunately, the company last had a cash balance of $881.9 million and $858.9 million of available undrawn credit on its credit facilities. It is equipped to weather this crisis.

## Why Great Canadian Gaming belongs in your portfolio

Back in April, I'd discussed how investors can work to emulate Warren Buffett in this crisis. Historically, Buffett has not been afraid to make big bets on good companies that have been caught in bad circumstances. Take his gamble on **Home Capital Group** during its crisis in the spring of 2017. His contrarian bet was a huge win, and Home Capital has managed to recover to full health.

Growth stocks in the hospitality sector are reeling due to the COVID-19 pandemic. Canadian provinces are moving towards a gradual re-opening, which means there is light at the end of the tunnel for casinos. However, casinos will likely join movie theatres as some of the last venues to be opened. Early reports suggest that casinos could re-open in June or July, but there is still little clarity from provincial governments right now.

Investors with a long time horizon can afford to be patient. This means they should jump at the chance to add a promising growth stock at a discount. Great Canadian Gaming stock last had a favourable price-to-earnings ratio of 7.4. Shares are still trading at the low end of its 52-week range.

**CATEGORY**

1. Coronavirus
2. Investing

**PARTNER-FEEDS**

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



**Category**

1. Coronavirus
2. Investing

**Date**
2025/08/26
**Date Created**
2020/05/23
**Author**
aocallaghan