



Forget Shopify (TSX:SHOP): Here Are 3 Monster Stocks in the Making

Description

Every investor wants to identify the next monster stock — an investment with upside potential of 1,000% or more. Several investors have already booked solid profits in Canada's tech giant **Shopify**, which has crushed market returns since it went public in May 2015. Shopify stock has returned a staggering 5,500% since its IPO and is now Canada's largest company in terms of market cap.

Shopify will continue to benefit from an expanding addressable market and the acceleration towards online shopping. However, there are also valuation concerns surrounding Shopify that might make investors nervous, which might result in near-term volatility.

If you have missed the bus on Canada's tech giant, you can look at the below companies that have the potential to generate multi-fold returns for long-term investors.

A beaten-down tech stock

The first stock on the list is **Maxar Technologies** ([TSX:MAXR](#))([NYSE:MAXR](#)). Maxar stock has fallen from \$90 in April 2016 to its current price of \$22.4, burning significant investor wealth.

Maxar was [grappling with high debt levels](#) and borrowed significant capital to fund its acquisitions in the last few years. The company's size of debt threatened its existence, and investors were worried that Maxar might even file for bankruptcy. However, Maxar focused on restructuring its balance sheet and sold off assets as well as exited businesses to reduce costs.

Its turnaround efforts sent the stock from \$6.5 per share in January 2019 to its \$27.98 in January 2020. The company now remains well poised to take advantage of bullish investor sentiment in the space tech sector.

Another attractive aspect of Maxar stock is its low valuation metrics and juicy dividend yield. Maxar's dividend yield stands at 6.6%, while it's valued at four times cash flow.

A small-cap stock with an expanding addressable market

Drone Delivery Canada ([TSXV:FLT](#)) is another company that should be on the radar of growth investors. The company has a market cap of just \$122.9 million but has significant potential to generate market-beating returns. FLT stock is trading at \$0.75, which is 36% below its 52-week high.

This hardware tech company provides logistics platform for commercial enterprises that include pharmacies and restaurants. It aims to deliver a cost-effective and scalable drone delivery solution and is partnering with multiple clients on pilot projects. It has also secured trials with **Air Canada** and government contracts.

Investment bank **Goldman Sachs** forecasts the drone delivery segment to reach \$100 billion in 2020. Analysts expect the company's sales to rise from \$3.56 million in 2020 to \$19.9 million in 2021, which means the stock is trading at a forward price-to-2021-sales multiple of six.

A recent IPO

The third company on the list is **Dye & Durham** ([TSX:DND](#)); it went public on July 17, 2020. Dye & Durham is a cloud-based software and technology solutions provider that aims to improve efficiency and productivity of legal and business professionals.

In its IPO, the company issued 1.7 million common shares, while existing shareholders sold three million common shares taking the aggregate to 20 million shares at a price of \$7.5 for gross proceeds of \$150 million. DND stock gained 97% on the first day and closed trading at \$14.8 on July 17. It's currently trading at \$13.86.

According to a [Bloomberg report](#), DND offers an internet-based platform "to legal registries and public records data and automates public records due diligence searches, document creation and electronic records filings, according to regulatory filings."

Dye & Durham sells products to over 25,000 law firms, financial services companies, and government organizations in Canada and the U.K.

The Foolish takeaway

All three companies have significant growth opportunities if they are able to execute well. However, investors should also note that they are high-risk investments and can easily burn massive wealth if things turn ugly on the execution front.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:MAXR (Maxar Technologies)
2. TSX:DND (Dye & Durham Limited)

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