



## 1 Underrated Growth Stock That Could Double Your Money

### Description

If you're looking for a great return, growth stocks are the only way to go. While [dividend stocks](#) are solid investments to hang on to for the long term, as they can generate recurring income for you, a [good growth stock](#) will usually outperform a good dividend stock. One example of an investment that may produce impressive returns for your portfolio is **NexTech AR Solutions** ([CNSX:NTAR](#)).

NexTech is in the augmented reality business, making it easy for people to (virtually) try on their digital purchases to see how they might look on them before buying them. It's the next best thing to physically being in a store and trying on clothes. The company's app also allows you see items up close in 3D and even see how they'll look inside your home.

Those are just a couple of examples of the value that NexTech can add to the retail shopping experience. There are other applications for its technology in advertising and virtual events.

With the world moving more and more online, especially now amid the COVID-19 pandemic, there will be growing demand for better online experiences, and NexTech's technology could play a key role in that transition. At a market cap of around \$380 million, this is still a fairly small stock, and it could make for an attractive buyout for one of the big tech stocks.

### Recent results show NexTech still has a long way to go

The company is still in its early growth stages, and so investors who buy shares of NexTech will need some patience. The company released its most recent earnings on May 14 for the first quarter of 2020 that went up until the end of March. Sales of \$2.5 million were up 177% from the prior-year period. However, NexTech still incurred a loss of \$1.36 million — slightly higher than the \$1.30 million loss it incurred a year ago.

One positive, however, is that its margins are going in the right direction. The Toronto-based company's gross margin of 54% showed a big improvement in Q1 from last year when just 41% of its top line was making it through cost of sales and left to cover overhead and other expenses.

Year to date, the stock is up over 200% and is now trading at more than 80 times its revenue and 40 times book value. And while those multiples may look frightening, they'll come down as NexTech's sales numbers start to catch up. The company has been busy adding clients, and in a June update it noted that it closed multiple deals involving its virtual events platform.

## Bottom line

NexTech is a good investment if you're bullish on the future of augmented reality. The big question is whether the company will continue growing on its own or whether a company like **Shopify** scoops it up and integrates the technology onto its platform.

Either way, there's significant potential for investors who take a chance on the company today. It wouldn't be surprising for the stock to double in value if NexTech can continue generating strong growth numbers and adding more clients.

The company previously stated that it will release its second-quarter results sometime in August.

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djagielski

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