



3 TSX Stocks Under \$10 That Could Double Your Money

Description

The Canadian stock market has recovered strongly from its March lows. Currently, the S&P/TSX Composite Index trades just 2.7% lower for this year. Despite the strong recovery, few stocks are still trading at a fair valuation and provide excellent buying opportunities. In this article, we will be focusing on three companies that are trading under \$10 and have the potential to double your investments in the next three years.

HEXO

My first pick is a cannabis company **Hexo** ([TSX:HEXO](#))(NYSE:HEXO), which has lost over 55% of its stock value this year. However, in its recently reported third-quarter earnings, the company outperformed analysts' sales expectations. Its revenue grew 30% on a sequential basis to \$30.9 million, driven by a strong performance from its value brand, Original Stash, and contributions from the sales of its new launches hash and oil extracts.

Meanwhile, in July, the company expanded the availability of its vape product lines in both medical and recreational segments across Canada. Earlier, it had received the approval to expand its cannabis manufacturing and processing facility in Belleville to include the beverage production facility. Also, the company recently launched its medical cannabis products in Israel. All these initiatives could boost the company's sales in the foreseeable future.

Although HEXO's adjusted EBITDA showed an improvement in its recently reported quarter, it was still in the negative territory. However, the company is working on reducing its expenditures and improving its operational efficiency to move toward profitability. It has reduced its workforce, sold excess assets, and has automated the packaging activities.

HEXO's management is hopeful of reporting positive EBITDA by the first half of fiscal 2021. So, given the healthy sales outlook and improving margins, I believe [HEXO stock could double over the next three years](#).

BlackBerry

My second pick is a technology company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). It provides security software solutions to companies across various sectors, including automotive, medical, and industrial automation. Currently, the company trades 23% lower for this year due to the disruption caused by the pandemic in its end markets, primarily the automotive sector.

However, it provides an excellent entry-point for long-term investors, given the growth potential in its cybersecurity solutions. Amid the pandemic, many businesses have taken their shops online. Also, an increased number of employees are working from their homes.

So, these operational shifts have increased the demand for data safety and privacy solutions, thus benefiting BlackBerry. Meanwhile, with the reopening of the economies across the world, the automotive sector is also gradually recovering.

At the end of the first quarter, the company's cash, cash equivalents, and investments stood at US\$955 million. Further, management expects to generate positive free cash flow in this fiscal. So, the company is well positioned to ride out this crisis. Also, given its strong growth prospects, attractive valuation, and stable balance sheet, I am bullish on BlackBerry.

StorageVault Canada

My third pick is **StorageVault Canada** (TSXV:SVI), which owns, operates, and leases over eight million square feet of storage spaces. Despite the impact of the pandemic, the company's revenue grew over 3% in its recently announced second quarter. Its adjusted funds from operations were 14.8% higher compared to its previous year's quarter.

The [Canadian storage market](#) is estimated to be at 90 million square feet spread across 2,500 stores. Meanwhile, the top 10 Canadian companies own less than 15% of these stores, indicating the sector is highly fragmented and provides an opportunity for inorganic growth. In 2019, StorageVault Canada had acquired 46 stores for \$373 million. For this year, the company expects to acquire assets in the range of \$50 million to \$75 million.

The threat of the pandemic still looms large. So, many businesses impacted by the outbreak could vacate their rental space by moving their items to storage to cut down on their rental expenses. Thus, both the near-term and long-term growth potential of the company looks strong. With the company currently trading at 20% lower for this year, it provides an excellent entry-point for long-term investors.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

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2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:HEXO (HEXO Corp.)
5. TSX:SVI (StorageVault Canada Inc.)

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