2 Explosive Growth Stocks That Are Cheap Today

Description

The **S&P/TSX Composite Index** rose 177 points on September 28. Yesterday, I'd discussed whether a second wave of COVID-19 had the potential to crash the stock market. Investors should beware of the risks on the TSX right now, but that does not mean they should stop hunting for opportunities. Today, I want to look at two top growth stocks that still offer great value. Let's dive in!

Why I love this growth stock in the gaming space

Canada is officially in a recession due to the devastating COVID-19 pandemic. Sin industries are always enticing picks during economic downturns. Casinos and the gaming industry have demonstrated resilience in previous recessions. ReportLinker recently released a forecast on the global casino gaming market. It projects the market to grow at a CAGR of 5.1% from 2019 through 2025.

Great Canadian Gaming (TSX:GC) is a Richmond-based company that operates as a gaming and entertainment company. Back in May, I'd discussed why it is a growth stock worth targeting this year. Its shares have dropped 43% in 2020 as of close on September 28.

The company released its second-quarter 2020 results on August 12. Great Canadian Gaming has suffered in 2020, as its facilities were forced to close starting in the early spring. This week, it announced that it was ready to greenlight operations at 11 of its casino locations and gambling halls in Ontario. They opened this past Monday.

Casinos are profit machines, and Great Canadian Gaming is still geared to gain in a big way from its recent win on the GTA Bundle. This growth stock last possessed a price-to-earnings ratio of 17 and a price-to-book value of 2.5. Great Canadian Gaming stock is in favourable value territory.

This stock is well positioned for the next few decades

Uncertainty in the near term means investors should scoop up stocks that are poised for big growth in the long term. **Park Lawn** (TSX:PLC) is a growth stock that fits that description. The company provides deathcare products and services in Canada and the United States. A recent report from Absolute Market Insights projected that the global death care services market would post a CAGR of 11% from 2017 through 2027. Tragically, the COVID-19 pandemic has increased demand in this area.

Shares of Park Lawn have dropped 4.9% so far this year. However, the stock has increased 23% over the past three months. It released its second-quarter 2020 results on August 13. In the year-to-date period, revenues grew to $158 million over $108 million in the first six months of 2019. Meanwhile, adjusted EBITDA climbed to $36.5 million compared to $24.7 million in the prior year. Much of this growth was due to the successful integration of recent acquisitions.

This growth stock last had a P/B value of 15. Park Lawn boasts a balance sheet that is superior to its top competitors. This has allowed it to pursue an aggressive acquisition strategy. Its earnings are poised for strong growth going forward. Moreover, Park Lawn also offers a monthly dividend of $0.038 per share. This represents a modest 1.6% yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:PLC (Park Lawn Corporation)

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