Canadian Investors: These 3 TSX Stocks Can Make You Rich

Description

Although the rising COVID-19 cases and the high unemployment rate continue to be headwinds for the equity markets, the pandemic has created a robust growth potential for some companies. So, investors with a time-frame of three to five years can buy the following three stocks to reap superior returns.

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Cargojet

The travel restrictions amid the pandemic have severely hit the airline companies across the world this year. However, the Canadian cargo airline company, **Cargojet** (TSX:CJT), has delivered over 100% returns for this year, driven by a surge in e-commerce and healthcare-related volumes.

Given its unique overnight delivery service and an array of 26 aircraft, the company has a competitive edge over its peers. The company has projected that it transports around 90% of Canada's domestic air cargo volume. Further, 75% of its domestic transports are under long-term contracts, which provides stability to its financials.

Meanwhile, Cargojet has consistently expanded its fleet size and added new routes to meet the increasing demand for its services. Also, it focuses on optimizing its expenses, which is encouraging. The shift in consumers' behavior towards online shopping could drive the e-commerce sector even after the pandemic. Cargojet, with a significant market share in the domestic air cargo segment, could benefit from this surge. So, given its growth prospects and the increasing addressable market, I am bullish on Cargojet.

Docebo

Docebo (TSX:DCBO), which provides cloud-based learning management system services, has benefited from the pandemic, as an increased number of employees started to work from their home, driving the demand for its services.

In the quarter that ended in June, Docebo's top line increased 46.5% year-over-year, with its customer base and average contract value rising over 20%. The company's recurring sources' contribution has risen from 83% in 2017 to 92%, which is encouraging. At the end of the quarter, it had a strong customer base of over 2,040 clients, including several blue-chip companies.

Meanwhile, Docebo has been delivering impressive performance even before the pandemic. Its recurring revenue has increased at a CAGR of 69% in the last three years, while its average contract value has increased by 2.7 times during the period.

The company has returned over 220% this year. However, I believe the rally in the company's stock price is not over, given its impressive growth potential. Markets and Markets have projected the learning management system to grow at a CAGR of 14% to US$25.7 billion by 2025. So, with its artificial-intelligence-based innovative solutions, the company is well-positioned to benefit from this growth.

Facedrive

My third pick would be a ride-hailing company, **Facedrive** (TSXV:FD), which has been highly volatile since its IPO in September 2019. Amid the investors' euphoria over its expansion plans, Facedrive's stock had ballooned to $28 by July 2020. However, in the last three months, its stock price has corrected over 60% and currently trades around $10.5 per share. Despite the recent fall, the company's returns for this year stands at an impressive 360%.

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Facedrive, which offers its customers greener options, such as electric and hybrid vehicles along with conventional cars, has gained traction among millennials, driving its top line. Meanwhile, it has planned to expand its operations to the United States and Europe. Further, it has diversified its operations to other sectors, such as e-commerce, food delivery, and healthcare businesses.

The recent correction in its stock price and healthy growth prospects provide an excellent buying opportunity for long-term investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSXV:STER (Facedrive Inc.)

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