



## 3 High-Growth TSX Stocks to Buy Amid the Recent Pullback

### Description

The recent announcements from **AstraZeneca**, **Pfizer**, and **Moderna** have increased the hope of a vaccine against COVID-19. Meanwhile, the vaccine hope has led to a pullback in work-from-home stocks, which had seen strong upward momentum in the last eight months. Amid the correction, some companies look attractive at these levels. So, here are the three high-growth TSX stocks that have the potential to deliver superior returns.

### Cargojet

The cargo airline company **Cargojet** ([TSX:CJT](#)) has lost 14.3% of its stock value since Pfizer first announced the effectiveness of its vaccine in preventing the spreading of COVID-19 on November 9. Despite the fall, the company has returned over 100% for this year.

Before imposing pandemic-infused travel restrictions, the passenger aircraft carried nearly 40% of the global air cargo. With most passenger aircraft grounded, the demand for air cargo companies' services, including Cargojet, rose. Further, the surge in e-commerce sales has also contributed to the demand growth.

Investors fear that the vaccine could prompt governments worldwide to lift travel restrictions allowing passenger aircraft to resume their service, lowering the demand for Cargojet's services. However, e-commerce in Canada is growing and currently forms only 5% of its total retail sales. So, there is considerable scope for expansion, which could benefit Cargojet.

Even before the pandemic, Cargojet transported approximately [90% of Canada's domestic air cargo volume](#), thanks to its array of 26 aircraft and unique overnight delivery service. Further, the company earns 75% of its revenue through long-term contracts, providing stability to its earnings.

Amid the recent fall in its stock price, Cargojet's valuation looks reasonably attractive. Its forward enterprise value-to-revenue and forward price-to-earnings multiples stand 5.4 and 28.9, respectively. So, given its strong growth prospects, [I expect Cargojet to deliver multi-fold returns in the long run](#).

## Kinaxis

The globalization of the supply chain and e-commerce growth have increased the demand for **Kinaxis's** ([TSX:KXS](#)) services. It provides cloud-based software solutions that aid its customers in quicker decision making across the supply chains. Its top line grew 19% in its third quarter, while its SaaS revenue increased by 26%. After reporting its third-quarter results, Kinaxis's management raised its sales guidance for this year due to its growing backlogs and impressive year-to-date sales.

Meanwhile, amid the recent pullback, the company has lost close to 20% of its stock value since November 9. The correction provides an excellent buying opportunity for long-term investors, as a healthy sales pipeline, high customer retention, and acquisitions could continue to drive Kinaxis's financials. In the September ending quarter, the company completed the acquisition of Rubikloud, which provides artificial intelligence-based solutions to CPG companies.

Despite the recent decline, Kinaxis trades at a forward enterprise value-to-sales multiple of 13.6, which is on the higher side. But, given its healthy growth prospects, I believe the company's high valuation is justified.

## Absolute Software

My third pick would be **Absolute Software** ([TSX:ABT](#)), which specializes in endpoint security and data risk management. Amid the shift towards remote working, e-learning, and online shopping, the demand for the company's products has increased.

In the recently reported first-quarter results, its top line grew 11.1%, driven by growth in cloud services and managed professional services. Its ARR (annual recurring revenue) increased 13% to \$111.7 million, while its adjusted EBITDA margin expanded from 28% to 29%. Further, the company earns around 95% of its revenue from recurring sources, which is encouraging.

Meanwhile, the company's management projects the spending on endpoint security to reach US\$67.5 billion by 2024, which could benefit Absolute Software. So, the company's outlook looks healthy. Amid the recent pullback, the company currently trades at a discount of over 32% from its 52-week high, providing an excellent entry point for long-term investors.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:CJT (Cargojet Inc.)
3. TSX:KXS (Kinaxis Inc.)

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