



3 TSX Growth Stocks Trading at a Discount of up to 50%

Description

Growth stocks generally trade at a premium or at expensive valuations. However, there are always exceptions to a rule, which means sometimes you can find growth stocks that are trading at a lower multiple with significant upside potential. We'll look at three such companies on the TSX that you can buy right now for market-thumping returns.

Barrick Gold

The first stock on the list is **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD), a Canada-based gold mining company. The recent weakness in gold prices has meant Barrick Gold stock has lost almost a quarter of its market cap since September.

Further, Warren Buffett's **Berkshire Hathaway** also [reduced its stake in Barrick Gold](#) by 42% in Q3, which might have exacerbated this decline. However, there are multiple drivers for gold prices to move higher in the upcoming decade, including a low-interest-rate environment, a weak U.S. dollar, as well as global uncertainty due to COVID-19.

This makes Barrick Gold and peer mining companies a solid bet for contrarian and growth investors. This stock has a market cap of US\$41 billion, indicating a price-to-sales multiple of 3.3. Its price-to-earnings ratio is also reasonable at 22 given analysts expect the company to increase earnings at an annual rate of 35.7% in the next five years.

Wall Street has a 12-month average target price of US\$34.4 for Barrick Gold, which is 48% higher than its current trading price. Total returns will be closer to 50% given its forward yield of 1.5%.

Real Matters

Another TSX growth stock that has lost momentum recently is **Real Matters** ([TSX:REAL](#)). The stock fell 8% yesterday possibly after it reported fiscal Q4 results of 2020 on Friday. The company's earnings per share of \$0.18 were 5.3% below analyst estimates of \$0.19. However, the recent dip makes the

stock attractive.

Real Matters is a network management services platform for the mortgage and insurance industries. In Q4 of fiscal 2020, the company's sales were up 16% year over year. Analysts expect sales growth to accelerate by 30.6% in 2021 to US\$211.65 million and rise by 13.3% in 2022 to US\$240 million.

This means the stock is trading at a forward price-to-sales multiple of 6.33 and a price-to-earnings multiple of 19.6. Comparatively, its earnings growth is forecast at an annual rate of 57% in the next five years. Analysts have a 12-month average target price of \$27.2 for Real Matters, which is 33% above its current trading price.

Shopify

When it comes to growth stocks, it is difficult to ignore **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), which is also the largest Canadian company in terms of market cap. Shopify stock has more than doubled in 2020 and is trading at a lofty price-to-sales multiple of 42.

However, the company is well poised to beat the market in the upcoming decade as well. The e-commerce sales in the U.S. [accounts for just](#) 16% of total retail sales, and this number will move higher in the long run. There is ample scope for international expansion, as the e-commerce trend is beginning to accelerate in other markets as well.

The recent pandemic has helped Shopify to almost double its sales in the last two quarters, and a solid holiday quarter will mean sales growth in 2020 will be north of 80%.

Analysts have a 12-month average target price of US\$1,123 for Shopify, which is 15% above its current trading price.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:REAL (Real Matters Inc.)
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Date

2025/08/17

Date Created

2020/11/24

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