These TSX Growth Stocks Are up 99% and 119% in 2021

Description

Despite the valuation concern, the rally in a few **TSX** stocks continues on the back of a speedy recovery in demand, favourable industry trends, improved economic outlook, and strong fundamentals.

For instance, shares of **ATS Automation Tooling Systems** (TSX:ATA) and **goeasy** (TSX:GSY) are up about 99% and 119%, respectively, this year. Even though the prices of these growth stocks have appreciated quite a lot, it's prudent to allocate some of your free funds to them.

Let's look at each of these stocks to know why they could continue to multiply investors' wealth.

ATS Automation: Acquisitions and backlogs to drive growth

ATS Automation is firing on all cylinders, as economic activity levels are picking up pace. The company's revenue and margins expanded significantly in the most recent quarter, reflecting contributions from organic growth and benefits from strategic acquisitions.

Notably, its top line increased 57% year over year (28% quarter over quarter) in Q1. Meanwhile, its adjusted operating margin expanded 367 basis points, reflecting improved cost structure and higher after-sales services revenue.

Thanks to its stellar financial performance, ATS Automation stock has handily outpaced the benchmark index in 2021. Moreover, I expect the rally in its stock to sustain on the back of record order booking and a solid order backlog.

This is important, as bookings and backlogs provide increased visibility over future revenues. Meanwhile, the company's recent acquisitions, increased activity levels in the transportation vertical, and strong balance sheet indicate that ATS Automation could deliver strong results in the coming quarters.

goeasy: improving demand to boost profitability

goeasy is known to multiply investors' wealth. Its stock has appreciated over 966% in five years, 341% in three years, and 232% in one year. Moreover, the uptrend in its stock is likely to sustain in 2021 and beyond, reflecting improved demand and strong financials. Furthermore, goeasy has paid consistent dividends and raised it at a healthy pace, thus enhancing the overall returns of its shareholders.

Economic recovery and an improved operating environment will likely drive originations and loan growth. Meanwhile, solid credit and payment performance could cushion its earnings. Notably, goeasy's earnings have grown at a double-digit rate over the past several years, and I expect the growth trend to sustain.

Looking ahead, the LendCare acquisition, strength in the direct-to-consumer lending channels, lower credit losses, and operating leverage could drive double-digit growth in its bottom line. Furthermore, new products, channel expansion, and higher secured loans augur well for future growth.

The company expects its consumer loan portfolio to reach $3 billion by 2023. Meanwhile, it projects its top line to increase by 24% to 27% in 2021, and 17-20% in 2022. Further, it projects to deliver adjusted return on equity of over 22% over the next three years. Owing to its high-quality earnings, it has raised quarterly dividends by a CAGR of 34% in the last seven years. I expect goeasy's dividend to continue to grow rapidly in the foreseeable future.

Bottom line

Both these Canadian stocks went through the roof in 2021, and their solid business performance and growth catalysts indicate that the prices of ATS Automation and goeasy stock could continue to trend higher.

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