



BUY ALERT: Why it's Time to Buy This Top Growth Stock

Description

In the beginning of 2020, I'd [discussed](#) why investors should look to get in on the video game space. Canadian investors [will remember](#) the momentum that **GameStop** built earlier in the year. Today, I want to look at a growth stock in the video game space that looks like a [strong buy](#) in the middle of September. Let's dive in.

The esports space is ready to erupt this decade

Enthusiast Gaming ([TSX:EGLX](#))(NASDAQ:EGLX) is a Toronto-based company that is engaged in the media, content, entertainment, and esports businesses around the world. Esports typically take the form of organized multiplayer game competitions. These competitions have delivered fast-growing viewership in recent years.

Grand View Research recently estimated that the global esports market was valued at US\$1.1 billion in 2019. The market research firm projects that the global esports space will deliver a CAGR of 24% from 2020 to 2027. This is primarily due to improved audience engagement, the rise of live streaming video games, and bolstered infrastructure for live game tournaments.

These factors should drive investors to take a long look at Enthusiast Gaming. This growth stock has already delivered fantastic returns for investors. It boasts strong potential, as it continues to expand its reach in the esports business.

Why I've got my eyes on this growth stock right now

Shares of this growth stock have climbed 12% in 2021 as of close on September 15. However, the stock has dropped 17% in the month-over-month period. It made a big splash with a listing on the NASDAQ in the first half of 2021.

The company unveiled its second-quarter 2021 results on August 10. It was a big step forward for Enthusiast Gaming. Revenue was reported at \$37.1 million — up from \$7.0 million in the second

quarter of 2020. Meanwhile, gross profit more than doubled to \$8.0 million. Enthusiast closed the quarter with cash of \$51.3 million — up from \$4.23 million in the prior year.

Management projected further revenue growth on the back of strong direct sales growth and an aggressive acquisition strategy. On September 7, Enthusiast announced the acquisition of Addicting Games for \$34.4 million. This serves to expand the company's foray into the casual gaming space. Moreover, it will bolster its reach among the key Millennial and Generation Z demographics. Addicting Games is an old name in this space, having been active since the early 2000s. In any case, the move should provide a big boost to its revenues in 2022.

Should you buy Enthusiast Gaming today?

This growth stock hit a 52-week high of \$11.10/share in the spring of 2021. Its shares have roughly halved in value since reaching that peak. Investors should consider adding the stock as the company is well positioned for strong revenue growth in the quarters ahead. Shares of this growth stock currently possess an RSI of 33. That puts Enthusiast Gaming just outside of technically oversold territory. I'm looking to snatch this stock up on the dip today.

CATEGORY

1. Investing

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