2 Growth Stocks That Could Turn $250,000 Into $1 Million by 2030

Description

If you are looking to derive outsized gains over the long term, identifying quality growth stocks is extremely important. You need to place bets on companies that have wide economic moats and that are part of a rapidly expanding addressable market. Here, we'll take a look at two such stocks — **Shopify** (TSX:SHOP)(NYSE:SHOP) and **Columbia Care** (CNSX:CCHW) — that have the potential to quadruple your wealth in the upcoming decade.

Shopify is a high-growth stock

Shopify has already created significant wealth for early investors. Since, its IPO in mid-2015, SHOP stock has returned a staggering 5,550% to investors. So, a $1,000 investment just after Shopify went public would be worth close to $56,000 today. Despite these stellar gains, Shopify is well poised to benefit from multiple secular tailwinds that will allow the stock to keep beating the TSX in the future.

Wall Street expects Shopify to increase sales from US$2.92 billion in 2020 to US$7.62 billion in 2022. In Q2 of 2021, Shopify sales were up 57% year over year after revenue rose by 86% in 2020. The company also ended Q2 with 1.7 million merchants on its platform, which will be a key driver of top-line growth.

Shopify continues to expand its portfolio of products and solutions, which is bound to increase the amount of spending by its merchant base. Further, a report from eMarketer states online retail sales are expected to touch US$6.4 trillion by 2024, up from US$4.28 trillion in 2020. It suggests 24% of all global retail sales will come from online purchases, and this shift in consumer spending will be key for Shopify and peers.

Shopify stock is Canada's largest company in terms of market cap and is valued at a forward price-to-sales multiple of 23.4, which is extremely steep. But a growth stock commands a premium multiple and Shopify is a fundamentally strong company with a robust balance sheet and enticing forecasts.

Columbia Care

One of the largest multi-state operators in the U.S., Columbia Care stock is currently trading 57% below its record highs. It has licences in 18 jurisdictions in the U.S. and the European Union. The company operates 130 facilities that include 99 dispensaries and 31 cultivation and manufacturing facilities.

Columbia Care has managed to grow revenue between three and four times in states that have converted to adult-use from medical-only in recent months. Further, adult-use sales have already begun in Arizona, and states, including New York and Virginia, will follow suit in the future.

In Q2 of 2021, Columbia Care confirmed 12 markets generated positive adjusted EBITDA, and 11 markets generated positive cash flow from operations, out of 15 active markets. It also completed the acquisitions of CannAscend and gLeaf, and the company signed a definitive agreement to acquire Medicine Man, which is a vertically integrated operator.

In the last eight quarters, Columbia Care has increased its revenue at an average rate of 26% on a sequential basis. This allowed the company to increase adjusted EBITDA by 58% sequentially to US$16.4 million in Q2. In 2021, Columbia Care forecasts revenue between US$500 million and US$530 million with adjusted EBITDA between US$95 million and US$105 million.

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