



3 Growth Stocks That Could Double in 3 Years

Description

Growth comes to those who dare to take risks. But risk-taking is also an art. There is a thin line between gambling and taking calculated risks. You don't go around splurging money in meme stocks that have no fundamental-backed growth. Instead, responsible investors study a company, weighs its risks and opportunities, look at current valuations, and invest accordingly.

I have done some digging for you and identified three [growth stocks](#) that have the potential and fundamentals to double your money in three years:

- **Dye & Durham** ([TSX:DND](#))
- **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#))
- **Transat A.T.** (TSX:TRZ)

Don't just look at the list and rush to buy. First, see what to expect from these stocks, what the right prices to buy these stocks are, and when it's the right time to sell.

Dye & Durham

Dye & Durham stock surged 16% in a month after it reported spectacular earnings. This jump comes after the stock dipped 18.4% between mid-September and mid-October, as the company rejected a management buyout offer of \$50. The reason for rejection was that the company believed it would serve shareholders better with its existing business strategy of growing through acquisitions. This shows management's confidence in the company, and the latest earnings supported the success of this growth strategy.

Dye & Durham's revenue and adjusted EBITDA surged 414% and 398%, respectively, in the [first quarter](#) of fiscal 2022. This growth came as the company realized acquisition synergies. Dye & Durham provides cloud solutions that help legal and business professionals with information services and workflow optimization. Its services are critical to the client, enabling it to engage in long-term service contracts and lock in regular cash flow.

As Dye & Durham is in its early stages of growth, there is ample opportunity for significant growth. This kind of company can deliver stable growth in the long term if it maintains its business momentum. For instance, information technology consulting company **CGI's** stock doubled in two years after the 2009 financial crisis ended and digitization gained momentum. I expect a similar performance from Dye & Durham but in three years, given the rising competition.

Lightspeed stock

Lightspeed stock [crashed](#) after the Spruce Point report alleged the cloud company for reporting inflated figures of customer count. This number matters a lot to Lightspeed, as the company caters to small- and mid-sized retailers and restaurants. It is in a business of volume.

While Dye & Durham's earnings supported the management, things went a little awry. Spruce Point pointed out that Lightspeed has been posting losses for the last 16 years and has no well-crafted plan to become profitable. Lightspeed's latest earnings proved Spruce right, as losses widened to \$59.1 million from \$19.5 million a year ago. Hence, Lightspeed stock fell another 30% post-earnings.

But the reason why Lightspeed stock surged was not because of profits but high revenue growth, and that has been growing. Now, some traders are making money from this stock through short-selling. But this is noise. The company is in a high-growth stage and has the potential to grow significantly in the long term.

Transat A.T. stock

While the above two stocks are growth stocks currently dipping due to temporary noise, Transat is a recovery stock with significant risk. I still recommend it, because if the demand for leisure travel rebounds, the stock might even triple your money in three years. Just to give you an idea of the rebound, the stock surged 27% in the first two weeks of November, as air travel demand surged.

However, COVID is once again spreading in China and Europe, forcing the governments to reimpose curbs on unvaccinated people. But this won't impact Transat, as only fully vaccinated people are allowed international travel. Until the virus mutates to a point where the vaccine is ineffective, the leisure travel rebound will stay. For instance, plane maker **Bombardier** was near to bankruptcy. But when this stock rebounded it rallied 690% in 11 months (November 2020 to September 2021). Although I don't expect this kind of growth from Transat, it can give triple-digit growth.

But do not invest a huge amount in Transat, as the risk of downside is high.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:DND (Dye & Durham Limited)

3. TSX:LSPD (Lightspeed Commerce)

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