3 High-Growth Canadian Stocks I'd Buy Today

Description

Many stocks have been getting investors' attention since the **TSX** went on a bull run after the COVID year. While a host of businesses suffered reversals due to the fallout from the pandemic, others are luckier because their business models align with the new normal.

If you're chasing after explosive returns, three high-growth Canadian stocks are the top choices. **Aritzia** (TSX:ATZ) has delivered superior gains, while buyout target **Alcanna** (TSX:CLIQ) is starting to blow hot. **Charlotte's Web Holdings** (TSX:CWEB) underperforms but is due for a breakout.

Niche player

Aritzia, a Canadian premium outdoor-lifestyle brand, navigated unprecedented industry disruption last year. Despite the 27% drop in total sales versus fiscal 2020, the results were better than expected. Roots President and CEO Meghan Roach said, "Our performance reflects the strength of the Roots brand, the loyalty of our customer base, and the capabilities of our omnichannel platform."

Last year was a nightmare for most retailers, including niche player Aritzia. The $5.68 billion company designs and sells apparel and accessories for women in North America. Investors lost 35% overall as the price dropped to as low as $10.59 on March 18, 2021.

In fiscal 2021 (year ended February 28, 2021), net income dropped $71.36 million to $19.22 million versus fiscal 2020. Fortunately, the stock didn't sink further into the abyss. Despite the 79% decline, Aritzia recouped the losses. As of November 16, 2021, the stock trades at $52.64 per share or 407% higher than its COVID low. The trailing one-year price return is 120.07%, while the year-to-date gain is 104.11%.

Fast forward to Q2 fiscal 2022 (quarter ended August 29, 2021) and the numbers have vastly improved. Aritzia posted net revenue and retail revenue growths of 74.9% and 95.3% versus Q2 fiscal 2020. Management is confident that Aritzia has the inventory levels to meet or exceed its revenue targets for the rest of fiscal 2021.

Buyout target

Alcanna’s performance has been outstanding thus far, given its 60.30% year-to-date gain. Also, the current share price of $9.49 is 69% higher than a year ago. In March 2021, it spun off its retail cannabis business to form **Nova Cannabis**. The publicly-listed subsidiary operates 71 retail cannabis stores.

The $314.18 million company is one of North America’s largest alcohol retailers. In its home country, Alcanna operates 170 stores. Due to its best-in-class retail operations expertise and growing cash flow profile, **Sundial Growers** will acquire Alcanna and complete the transaction by Q1 2022.

Deep discount

Charlotte’s Web trades at a deep discount. At $2.22 per share, its year-to-date loss is 47.02%. However, market analysts are bullish and recommend a strong buy rating. Their 12-month average price target is $5.70 or an upside potential of 157%. The $329.79 million company is known globally as a producer and distributor of hemp-based cannabidiol (CBD) wellness products.

After three quarters in 2021, total revenue grew 4% to US$71.2 million versus the same period in 2020. In Q3 2021, its net loss of US$913,000 was compared to the $6.53 net loss in Q3 2020. CWB continues to identify new product opportunities and is working on expanding its production capacity. It has an option purchase agreement in place to acquire Stanley Brothers USA, a cannabis wellness incubator.

Multi-baggers

Aritzia, Alcanna, and Charlotte’s Web are potential multi-baggers. Their share prices could soar through the roof as early as six months from now.

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2. TSX:CWEB (Charlotte's Web Holdings, Inc.)

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Date
2025/08/18
Date Created
2021/11/19
Author
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