2 High-Growth TSX Stocks That Could Soar

Description

Many investors think that high/rapid growth is unsustainable, and, to an extent, they are right. But even though it's a *trend*, it's not a definitive pattern. There are high-growth stocks that offer sustainable long-term growth, and even though they have been growing for a very long time, they still have the potential to keep soaring in the foreseeable future.

Again, that's just speculation. Even the best growth stocks can fall to great depths when the market conditions are wrong. And disruptive technologies can change the market so radically that healthy businesses that won't or can't (because it's unfeasible) adapt within the allowable window crumble to the ground over time.

With that in mind, and accepting that high-growth stocks can be quite expensive, there are two stocks that you might consider buying.

A waste management company

Waste Connections (TSX:WCN)(NYSE:WCN) is one of the largest waste management companies in North America. It has an impressive presence in the U.S. (44 states) and Canada (six provinces). The consumer base consists of over eight million individuals and businesses. It has about $14 billion in assets, which include its vehicles, dump sites, and waste processing/recycling facilities.

The company is financially quite healthy, as indicated by its revenues and free cash flow. But the healthy and stable financials have been unable to keep the valuation in check, and it's currently trading at a price-to-earnings ratio of 56.7, making it an unattractive asset for value investors.

However, this price tag comes with rapid and consistent growth. In the last 10 years, the stock has grown well over 400%. So, if you had invested in the company a decade ago, you would have grown your capital by over four times by now. And thanks to the nature of its business and its consumer base, the stock may retain a comparable growth pace in the future as well.

An essential property services company

FirstService (TSX:FSV)(NASDAQ:FSV) is a Toronto-based essential property services company with an impressive presence in the United States. It has two business wings. Under the FirstService Residential banner, the company is considered the largest property manager in North America, with about 1.7 million housing units under its banner. The FirstService Brands business, which brings about half the revenue, is one of the largest essential services providers in the region.

The competitive edge the company holds and has retained over the years comes with powerful growth potential. The five-year CAGR of 26.9% puts it among the top growth stocks currently trading on the TSX, and that's after the massive 17% dip the company has recently suffered. The current stock decline is a great opportunity for investors to buy this attractive growth stock at a discounted price.

Foolish takeaway

The two growth stocks, despite the higher price, could be considered highly profitable deals, that's *if* they keep growing the way they have been for the past five or so years. Both companies have a leadership role in their respective industries with little to no serious competition that can undermine their progress in the near future.

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