2 New TSX Arrivals That Might See Fantastic Growth

Description

A new stock doesn't always mean a new company. Many companies have decades of operational history backing them up before they become public. However, *investors* may not look at newly public companies the same way as their *customers* do.

In some cases, they may see more potential in the company than its book value and base financials indicate, and a buying frenzy can push the price up to overvalued territory in a matter of months. But the opposite happens with many other new publicly listed companies, and they languish in obscurity for months and years before seeing any measurable investor attention.

These are the companies that may offer powerful and rapid growth potential, albeit at a relatively higher risk.

A learning solutions company

Kitchener-based **D2L** (TSX:DTOL) has been around for over two decades. The company was founded in 1999, and the founder still spearheads the company's operations as the CEO. D2L is all about learning. It offers different learning solutions to students of every level and has also entered the corporate learning space. Its learning platform, "Brightspace," is in direct competition with **Docebo**.

The company has consolidated all its resources and different services into one platform that has catered to about 1,000 customers (group) and over 15 million individual learners to date. The customer base is geographically diverse and is spread out over 40 countries.

The stock hasn't performed as well as the company's potential promises, especially now when e-learning is gaining more traction than ever. It started out at over $16.70 a share and is currently trading at $12 a share (a 27% discount). It may fall further before fully bottoming out. So keep an eye on it and consider buying just as the upward momentum starts building up. It can prove to be a smart long-term holding.

A digital vehicle auction and retailing company

E Automotive (TSX:EINC) claims to have combined two very different segments of the retail vehicle market: wholesale vehicle buying/auctions and retail purchase, into one platform. The two cater to two different market segments. Inventory managers at vehicle dealerships and businesses that need to buy vehicles in bulk will benefit from the digital auction services the company provides.

Digital vehicle auctions are still a growing market with a lot of upside potential. The second larger pool of potential customers for the company is retail vehicle buyers. The company is focused on both U.S. and Canadian markets, and so far, it seems to lean more heavily on the wholesale market.

The stock, which only joined the TSX in November 2021, has gone down steadily – from $20 a share at inception to $12 a share now, representing a 46.5% discount which may become 50% or more in no time. So if you believe in the long-term potential of this company, buying it at a maximum discount should be a priority for you.

Foolish takeaway

Only time will tell whether these two will turn into robust growth stocks or duds that stay stagnant or fluctuate around a modest valuation for years to come. But at their current state (away from the limelight), they can be considered more promising than older stock since no one can fully predict their potential yet, and you can get them as they stand *behind* the starting line.

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