



2 TSX Growth Stocks for the Long Run

Description

Investing with a long-term view is well-known to be an excellent strategy for becoming a successful stock market investor. Most investors know that you should buy low and sell high to enjoy considerable profits. But buying [growth stocks](#) at low valuations and selling them at marginally higher valuations a few weeks or months later is a bit short sighted.

Stock market investing is inherently risky but allocating capital to growth stocks with a short investment horizon carries a greater degree of risk. Though every investor is interested in profitable trades, stocks that yield short-term returns should be balanced with high-quality assets that boast long-term growth potential.

Sure, the current market volatility may test your patience. But let's consider two relatively younger publicly traded companies with the potential to deliver stellar long-term growth.

Descartes Systems Group

Not long after COVID-19 struck, [investing in technology stocks](#) became a popular trend for growth-seeking investors. Several tech companies grew rapidly due to industry tailwinds created by the pandemic.

However, the tech sector meltdown has caused many investors to lose interest in growth stocks. While many tech stocks will continue to face issues in the short-term, some companies boast immense long-term growth potential.

Descartes Systems Group Inc. ([TSX:DSG](#))([NASDAQ:DSGX](#)) is one such company to consider. The \$7.85 billion market capitalization Canadian tech company specializes in logistics software, supply chain management software, and cloud-based services for logistics businesses.

Globalization and geopolitical tensions have disrupted global supply chains and made international trade more complex. Descartes is a Waterloo-based tech company providing businesses with the necessary solutions to overcome these problems.

The company's fiscal 2022 ended in January when Descartes saw its revenue increase by 21% year-over-year — its highest annual growth rate in seven years.

The pandemic tailwinds played a major role in its recovery. Beyond the halfway mark in fiscal 2023, the company has sustained its fundamental growth. In fact, it has grown its revenue by 18% year-over-year and improved its operating margin from 24% to 25.9% in the same period.

The tech sell-off did not spare Descartes Systems from a downturn, but the company used the sell-off as an opportunity to grow further by acquiring several smaller tech companies. Global shipping issues continue to slow its growth, but this also presents the company with an opportunity to become a major player in the global supply chain and e-commerce space.

Bombardier

The tech sector is not the only industry with long-term growth potential. **Bombardier Inc.** ([TSX:BBD.B](#)) is a \$3.35 billion market capitalization Canadian company that manufactures and sells business jets.

Headquartered in Montreal, Bombardier has been around for just over two decades, and it has established itself as a global leader in aviation. It designs, manufactures, and services some of the world's most exceptional business jets.

The company has not had a good time for a while. It's a turnaround stock that recently made it to positive free cash flow after eight consecutive years of losses. The company sought a government bailout, downsized, and was removed from the **TSX** Composite Index to avoid bankruptcy. After weathering those challenges and the pandemic, the company now looks well-positioned to grow.

In June 2022, the company made a 25-for-1 share consolidation to keep its share prices above \$1 amid the downturn. The consolidation caused its share price to go up to \$25. However, a pullback saw it decline to \$16.21 per share despite the company improving its EBITDA (earnings before interest, taxes, depreciation, and amortization).

In the meantime, the company continues to pay down its debt. It has repaid US\$773 million from its debt year-to-date and has over US\$7 billion in outstanding debt.

On a brighter note, the company has a backlog of US\$14.7 billion, ensuring that it can sustain revenue and profitability. As of this writing, Bombardier stock trades for \$16.27, potentially making it an excellent addition to long-term, growth-focused portfolios.

Foolish takeaway

Bombardier and Descartes Systems stocks both boast immense growth potential, but it's yet to be determined how macroeconomic factors will impact companies across the board in the coming months. If you have the stomach to tolerate short-term volatility, investing in these two growth stocks could be

an excellent decision for long-term wealth growth.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:BBD.B (Bombardier)
3. TSX:DSG (The Descartes Systems Group Inc)

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