

5 shares that could soar higher in 2016

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It might be the time of the year when everybody is winding down and getting ready for some festive cheer, but that shouldn't stop you from adding a couple of shares to your watchlist for the upcoming year!

Here are five shares that I have been watching closely and could be exciting investments in 2016:

1. **Baby Bunting Group Ltd (ASX: BBN)** – Baby Bunting is Australia's first listed speciality retailer of baby goods and seems to have timed its entry onto the ASX perfectly. The shares soared 44% on debut and have continued to rise on the back of the excitement surrounding the infant formula market. The company is yet to deliver its maiden set of financial results as a public company but according to its prospectus, it is forecasting sales growth of 21% in FY16 to \$218.6m and 34% growth in net profit after tax (NPAT) to \$9.1m. The company also hopes to have a network of more than 70 stores over the coming couple of years, up from the current count of 33. With a market capitalisation of \$300 million, the shares aren't cheap and investors should watch this space closely in 2016.

2. **Bulletproof Group Ltd (ASX: BPF)** – With a market capitalisation of only \$63 million, many investors have probably never even heard of Bulletproof but it is becoming a popular stock with many small-cap investors. The company provides cloud based services to businesses wishing to move away from more traditional

technology services. It increased revenues by 59% in FY15 and is expected to increase revenue in FY16 above the market trend of 25%. Importantly for investors, the company is now profitable and more than 75% of its revenues come from recurring sources. This stock could be a star performer in 2016 if it continues to win new customers.

3. Costa Group Holdings Ltd (ASX: CGC) – The ‘food boom’ is expected to be a major theme in 2016 and as Australia’s largest fresh produce supplier to major Australian food retailers, Costa Group could have an exciting 12 months ahead. The company is forecasting FY16 net profit after tax of \$47.6 million, which means the company is trading on a forecast price-to-earnings ratio of around 18 – not outrageous considering the performance of some of the ‘hot stocks’ in 2015.

4. Emerchants Ltd (ASX: EML) – The share price of Emerchants has increased by more than 50% in 2015 but there could still be more gains to come for this stock. The company provides pre-paid debit card services that can be used in place of credit and eftpos cards. Emerchants has agreements in place with more than 210 providers in 10 countries and in FY15 increased the number of active accounts using its cards by more than 169%. The company has seen a 96% increase in group revenues in the first quarter of FY16, and if this trend continues for the remainder of the year, investors should not be surprised to see a significantly higher share price in 2016.

5. **Empired Ltd (ASX: EPD)** – Empired has a market capitalisation of \$98 million and is Australia's largest dedicated Microsoft focused IT services business that services some of Australia's largest corporations. The company continues to win new contracts and is expecting record revenues in FY16. In order to service these new contracts, Empired has had to invest in additional staff and this is likely to place pressure on margins over the coming year. Despite this, Empired remains one of Australia's fastest growing technology companies and should have a place on the watchlist of every growth investor.

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