These 4 High-Growth Stocks Are Down Big: Should You Buy?

Description

Amid the expectation of new fiscal stimulus measures and hopes of robust economic recovery, the Canadian equity markets remain strong. However, few Canadian stocks have witnessed strong pullback over the last few weeks. So, let's assess whether buying opportunities exist in any of these stocks.

Facedrive

Yesterday, **Facedrive** (TSXV:FD) acquired EcoCRED from Exelorate Enterprises for $1 million in an all-stock deal. EcoCRED helps individuals and companies who would like to become sustainable. The acquisition appears to have increased investors' confidence, driving Facedrive's stock price higher by over 22%. Despite the rise, the company still trades close to 70% lower than its February highs of $60.

In its corporate update, the company reported its 2020 revenue to be around $1.25 million. Amid the pandemic-infused lockdown, the demand for its ride-sharing business had declined. But the acquisition of Steer in September boosted its fourth-quarter numbers. Despite its multiple growth drivers, I am skeptical of going long on Facedrive due to its astronomical valuation, with its price-to-book multiple standing at 98.9. Further, its multiple verticals have increased its expenses, raising concerns over its profitability.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) is trading 68.9% lower than its January highs. Its weak fourth-quarter sales and concerns over speculative trading have weighed heavily on the company's stock price. However, I believe the correction provides an excellent buying opportunity for long-term investors.

With more organizations warming up to the idea of remote working, the demand for end-point security could rise in the coming years. Meanwhile, with its innovative products, BlackBerry is well positioned to benefit from the expanding addressable market. Further, the company is working on expanding its presence in the high-growth electric vehicle market. So, its recent partnerships with **Amazon** Web

Services and **Baidu** could be vital.

Aurora Cannabis

My third pick would be **Aurora Cannabis** (TSX:ACB)(NYSE:ACB), which has lost 58.5% from its February highs. The weakness in the cannabis sector amid speculative trading fears and **Aphria's** lower-than-expected third-quarter performance has dragged the company's stock price down. Meanwhile, its operating metrics are improving, with its top line increasing by 28% in its recently announced second-quarter earnings, while its adjusted EBITDA losses contracted from $53.1 million to $12.1 million.

As of February 10, the company had $565 million of cash. So, it is well capitalized to support its growth initiatives. The company is looking at expanding its footprint across the world. It currently earns revenue from 13 countries. Amid the expanding cannabis market and its improving operating metrics and healthy financial position, Aurora Cannabis can deliver impressive returns over the next three years.

Goodfood Market

My final pick would be **Goodfood Market** (TSX:FOOD), which is trading 42.3% lower from its January highs. The steep correction has dragged the company's valuation into an attractive level, with its forward price-to-sales multiple standing at 1.5. Further, the company had reported an impressive second-quarter performance last week. Its revenue grew 71%, while its adjusted EBITDA margin expanded by 5.5%.

Given the structural shift towards online shopping, the demand for the company's services could sustain, even in the post-pandemic world. Further, the company's expanded product offering, growing customer base, and increasing delivery speed augur well with its growth prospects. So, I believe the correction provides an excellent entry point for investors with an investment horizon of over three years.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. NYSE:BB (BlackBerry)
3. TSX:ACB (Aurora Cannabis)
4. TSX:BB (BlackBerry)
5. TSX:FOOD (Goodfood Market)
6. TSXV:STER (Facedrive Inc.)

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