Forget Reddit Stocks Such as AMC and GME: Buy This Instead!

Description

In the last month, investors have witnessed another astonishing rally in "meme" stocks, including **GameStop** and **AMC Entertainment**. Retail traders on social media platform Reddit orchestrated another round of short squeezes that resulted in a massive spike of these fundamentally weak stocks.

Shares of GameStop and AMC Entertainment have now gained 1,100% and 2,360% year to date. While these exponential gains might attract investors looking to make a quick buck, you should understand that investing in the stock markets is a long-term game. It's important to look at companies that have the potential to consistently derive outsized gains and beat the broader markets over time.

So, you need to buy stocks of companies that are part of rapidly expanding addressable markets, allowing them to grow revenue and earnings at a fast pace. There is a good chance that shares of GME and AMC might tumble once the meme stock mania fades away. While AMC stock is down 16% from record highs, GME stock is trading 35% below its all-time price.

With these factors in mind, let's take a look at one TSX stock that should be on the radar of growth investors today.

Docebo stock is up 327% since IPO

Docebo (TSX:DCBO)(NASDAQ:DCBO) is a Canadian tech company that provides cloud-based LMS (learning management systems) to train internal and external workforces, partners, and customers in North America, Europe, and Asia-Pacific regions. Its platform helps enterprises centralize learning materials, which, in turn, expedites the learning process and increases productivity.

In the first quarter of 2021, the company increased sales by 61% year over year to US$21.7 million. Its subscription sales stood at US$19.8 million, accounting for 91% of total revenue. Docebo's gross profit of US$17.9 million meant the company ended Q1 with a margin of 82%, an improvement of 300% basis points year over year.

It reported a net loss of US$5.6 million, or US$0.17 per share, compared to a net income of US$0.7

million, or US$0.03 per share, in the prior-year period. Docebo confirmed annual recurring revenue stood at US$83.4 million, which was 60% higher than the prior-year figure of US$52.1 million.

Further, it reported a negative adjusted EBITDA of US$2.5 million, or 11% of sales, compared to a negative adjusted EBITDA of US$2.4 million in Q1 of 2020, which was 18% of sales. Docebo's negative cash flow from operating activities was US$2.2 million compared to US$2.5 million.

What's next for investors?

We can see that Docebo is part of a market that is growing at a stellar pace. Comparatively, GameStop is impacted by the shift towards digital gaming, and AMC Entertainment has been decimated due to COVID-19 as well as the increase in the number of online streaming players in the past few years.

Analysts expect Docebo stock to increase sales by 53.8% to US$97 million in 2021 and by 35.7% to US$131.34 million in 2022. This will allow the company to improve its bottom line from a loss per share of US$0.26 in 2020 to US$0.11 in 2022.

Docebo stock is trading 18% below its record high, providing investors an opportunity to buy the dip.

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