2 TSX Stocks With Enormous Growth Potential

Description

Foreign investors view Canada's stock market as the best place to park their money. The index has shown resiliency and grit in 2021. Except for the materials sector, all the rest are in positive territory. The energy sector leads the pack with its 55.88% year-to-date gain.

However, a healthcare stock and one tech stock are the top picks for growth investors. **WELL Health Technologies** (TSX:WELL) and **Docebo** (TSX:DCBO)(NASDAQ:DCBO) have enormous growth potentials. The share prices could soar through the roof in the next 12 months.

Cash flow generating acquisitions

WELL Health is a high-flyer with its 192.91% trailing one-year price return. The current share price of $7.85 is a good entry point, given its 2.48% loss year-to-date. Still, market analysts recommend a buy rating. Their growth estimates this year is 33% and 25% annually over the next five years. They see a potential price upside of 72%.

Over the last three years, the healthcare stock's total return is 1,814.63% (166.57% compound annual growth rate). Apart from operating 27 primary healthcare facilities, this $1.53 billion company provides digital electronic medical records (EMR) software and telehealth services to over 2,200 medical clinics across the country.

EMR software is a vital need now that the medical community and its practitioners are going digital. WELL Health has excellent opportunities to leverage its AI and Internet-of-Things (IoT) expertise. While the company reported a net loss of $7 million in Q1 2021, the 150% year-over-year revenue growth was a quarterly record.

An impressive highlight was the 345% growth in Software and Services revenues. In the same quarter, WELL announced the acquisition of CRH Medical. The US$372.9 million deal was completed in Q2 2021. Management expects CRH to generate more than US$150 million in revenues on top of the US$40 million in free cash flow before leverage and tax costs in 2021.

Right now, WELL's combined pro forma revenue is close to $300 million, while the run-rate in EBITDA is over $80 million. According to Hamed Shahbazi, Chairman and CEO of WELL, the company will continue to pursue cash flow generating acquisitions.

Leading AI-powered learning suite

Like WELL Health, Docebo's trailing one-year price return (+98.71) is mighty impressive. Its current share price of $69.55 could potentially rise 36% to $94.64. The tech stock trades at a discount (-15.95% year-to-date), although market analysts recommend a strong buy rating.

The $2.27 billion company is known globally for its cloud-based learning management system (LMS). Based on forecasts, the global LMS industry could evolve at a CAGR of 17.54% from 2021 to 2028. Docebo's customers are in North America, Europe, and the Asia-Pacific region.

Docebo reported a US$5.6 million net loss in Q1 2021 (quarter ended March 31, 2021), but the revenue and subscription revenue increased by 61% and 62%. The latter accounts for 91% of total revenue. Meanwhile, active customers grew by 27%, from 1,831 to 2,333.

During the same quarter, Docebo signed a new customer agreement with **Lightspeed POS**. The internal employees and customers of Lightspeed will gain access to a multi-audience learning use case. The latest offering to its multi-product learning suite is the Docebo Learning Analytics, a business intelligence tool.

Growth catalysts

WELL Health and Docebo are the must-own **TSX** stocks today. Both companies have growth catalysts that should drive business growth and cement their respective industry positions. Exponential growth is, no doubt, on the horizon.

CATEGORY

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2. Tech Stocks

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2. TSX:DCBO (Docebo Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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Date
2025/07/07
Date Created
2021/07/01
Author
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