



3 Top Canadian Stocks to Buy After Strong Earnings

Description

The Canadian benchmark index, the **S&P/TSX Composite Index**, has declined by over 1% this week due to weak retail sales in China and the United States. The lower-than-expected retail sales have increased investors' concerns about a slowdown in the economic recovery, thus dragging the benchmark index down. However, despite the rising volatility, I am bullish on the following three Canadian stocks after their robust performance in the recently completed quarter.

goeasy

Earlier this month, **goeasy** ([TSX:GSY](#)) had reported a solid [second-quarter performance](#). Its revenue grew 34% amid strong organic growth and contribution from the acquisition of LendCare. It experienced robust credit and payment performance during the quarter. Its loan portfolio increased by \$379 million to \$1.8 billion. Amid growth in economic activities and improved credit quality due to LendCare's acquisition, the company lowered its allowance for credit losses from 9.88% to 7.9%. Besides, its adjusted EPS grew 38% to \$2.61 amid revenue growth and expansion of operating margin.

Meanwhile, the easing of restrictions has increased economic activities, driving the demand for goeasy's services. The company is focusing on expanding its product range, developing new distribution channels, and expanding its geographical footprint. Further, the company has also ventured into new businesses vehicles through the acquisition of LendCare.

Given its healthy growth prospects, goeasy's management has provided robust guidance for the next three years, with its loan portfolio expected to reach \$3 billion by the end of 2023. The company could also deliver an adjusted return on equity of over 22% annually during this period. So, [I am bullish on goeasy](#). Besides, goeasy also rewards its shareholders by raising its dividends at a healthier rate. Its forward dividend yield currently stands at 1.44%.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) had outperformed analysts' revenue expectations in its

recently reported first-quarter earnings of fiscal 2022. Its revenue grew 220% to \$115.9 million amid strong organic growth and acquisition of ShopKeep, Upserve, and Vend. Its gross transaction value reached \$16.3 billion, representing year-over-year growth of 203%. The company's customer locations have increased to 150,000 while its revenue per customer grew by 78%.

Meanwhile, the uptrend in Lightspeed POS's financials could continue amid favourable market conditions and strategic acquisitions. Now, more small -and medium-scale businesses are adopting omnichannel selling models amid increased adoption of online shopping by customers. Meanwhile, this transition could benefit Lightspeed POS. The company has also expanded its payments service to customers across Germany, Switzerland, France, Belgium, and the Netherlands.

As well, the company has acquired NuORDER this quarter and is working on completing the acquisition of Ecwid. So, given its healthy growth prospects, I expect Lightspeed POS to deliver superior returns in the next two years.

WELL Health

My final pick would be **WELL Health Technologies** ([TSX:WELL](#)), which also outperformed analysts' revenue expectations by 10.8% in its recently reported second quarter. Its revenue came in at \$61.8 million, representing year-over-year growth of 484%. The acquisition of CRH Medical, which accounted for \$36.7 million of revenue, and strong growth in its virtual services drove its top line. Along with top-line growth, the company's gross margin and adjusted EBITDA also increased during the quarter, thanks to its accretive acquisition and increased revenue from higher-margin virtual services.

Meanwhile, the demand for telehealthcare services could also sustain in the post-pandemic world, given its convenience and accessibility. WELL Health also focuses on expanding its services to newer markets. It has acquired MyHealth, while its subsidiary CRH Medical has made three acquisitions in the third quarter.

Despite its healthy growth prospects, WELL Health currently trades around 24% lower from its recent highs. So, investors should utilize this correction to accumulate the stock to earn superior returns.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:WELL (WELL Health Technologies Corp.)

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