



Down Over 50%: Should You Buy These 3 Canadian Stocks?

Description

The rising inflation and increasing threat from the new highly infectious COVID-19 variant, Omicron, appear to have made investors nervous, thus increasing volatility in the equity markets. Meanwhile, the Canadian benchmark index, the **S&P/TSX Composite Index**, is trading around 4.8% lower from its recent highs. However, the following three Canadian stocks have lost over 50% of their stock value from their recent highs. So, let's assess whether any buying opportunities exist in any of these stocks.

Lightspeed Commerce

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) has been under pressure over the last few weeks due to a short report from Spruce Point Capital and a weaker outlook from the management amid supply chain issues. The company has lost over 66.9% of its stock value from its September highs. Amid the steep correction, the company's forward price-to-sales multiple has fallen to 10.3, which is still expensive.

Despite all the negative sentiments, analysts are still bullish on Lightspeed Commerce. Of the 19 analysts covering the stock, 15 have given a "buy" rating. Analysts' consensus price target represents an upside potential of over 140%.

Amid its expanding addressable market due to increased adoption of online shopping, geographical expansion, new product launches, and strategic acquisitions, the company's long-term growth potential looks healthy. However, given its near-term bearish sentiments, I believe investors with longer investment horizons and higher risk-tolerance capacity can [buy this stock to earn superior returns](#).

Nuvei

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) has lost around 58.5% stock value from its recent high. Last week, Spruce Point Capital [published](#) a report questioning Nuvei's recent acquisitions and had termed the company's financial disclosure as weak. The investment management firm added Nuvei's stock price could correct up to 40-60%.

The report appears to have made investors skeptical, leading to a significant correction in Nuvei's stock value. Despite the steep pullback, its valuation still looks expensive, with its forward price-to-sales multiple standing at 9.4. However, analysts are bullish on the stock, with 12 of the 14 analysts have issued a "buy" rating. Analysts' consensus price target projects an upside potential of over 120%.

With the growth in e-commerce, digital payments are becoming popular. The company is introducing new innovative products, venturing into new markets, and making strategic acquisitions to strengthen its competitive positioning and market share. Given its healthy growth prospects and the significant decline in its stock price, I expect it to double over the next two years.

Tilray

My final pick is **Tilray** ([TSX:TLRY](#))([NASDAQ:TLRY](#)). Amid the weakness in the cannabis sector, the company is trading at over 60% discount from its recent highs. Meanwhile, the steep correction provides an excellent buying opportunity amid the expanding cannabis due to increased legalization. Last week, the company had acquired Breckenridge Distillery, a Colorado-based distilled spirits platform, further strengthening its position in the U.S. CPG market. The acquisition could be accretive to the company's financials. Meanwhile, the company already has a significant presence in the U.S. through its two strategic pillars, SweetWater and Manitoba Harvest.

Meanwhile, Tilray's management hopes to increase its annualized revenue to US\$4 billion by 2024. So, it is working on launching new products across both recreational and medical segments while also boosting its distribution across Canada to drive its sales. With the E.U. alone offering US\$1 billion of business, the company hopes to utilize its E.U. GMP-certified production facilities in Portugal and Germany and solid distribution network to drive growth.

So, given its healthy growth prospects, I am bullish on Tilray. Meanwhile, analysts have a neutral view of the stock, with 13 of the 22 analysts issuing a "neutral" rating.

CATEGORY

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2. NASDAQ:TLRY (Tilray)
3. NYSE:LSPD (Lightspeed Commerce)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:NVEI (Nuvei Corporation)
6. TSX:TLRY (Aphria)

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