3 Cheap TSX Growth Stocks to Buy in Canada Right Now

Description

December has proven to be a tumultuous month for **TSX** stocks. While the **S&P/TSX Composite Index** is only down around 4% for the past month, many Canadian stocks are down by more than 15%. If you are looking to set yourself up for success in the New Year, the recent decline may be a perfect buying opportunity. Here's three relatively cheap stocks that look attractive on the recent pullback.

- **Nuvei** (TSX:NVEI)(NASDAQ:NVEI)
- **Telus International** (TSX:TIXT)(NYSE:TIXT)
- **goeasy** (TSX:GSY)

A TSX payments stock

It has been a painful month for payments solution provider, Nuvei. It got hit by a short-report attack that lead to its stock collapsing by over 50%. The short-report was largely inflammatory and an attack on current executives in the company. At the time, the stock was probably overvalued, so it was a prime target to be shorted.

Management has refuted the report's claims and maintained its current outlook for 2021 and beyond. Likewise, the Nuvei board recently affirmed its confidence in the current leadership team.

With a price-to-sales ratio of 13 times, this TSX stock is still not exactly cheap. However, it has been growing by around 90% over the past few years. Likewise, it has been doing so profitability. In fact, as the company has scaled, its EBITDA margins continue to rise over the 40% mark. If you are not afraid of some volatility in the short-term, this stock could provide significant upside in 2022.

A leader in AI and digital transformation

Another TSX stock that recently had a decent pullback is Telus International. Since October, it is down around 13%. TIXT is a leading provider of digital integration services across the world. One of its key focuses is on the digital customer experience. It helps large corporations utilize artificial intelligence to improve interactions with their present and future customers.

TIXT has been growing revenues and earnings by over 35% a year. Its business generates a lot of free cash flow, which management has been putting towards accretive acquisitions. I like this stock because it touches on a lot of important future tech themes like data management, machine learning, the internet of things, and artificial intelligence.

This stock only trades with a forward price-to-earnings (P/E) ratio of 30 and an enterprise value-to-EBITDA (EV/EBITDA) ratio of 15. Compare that to almost any other fast-growing tech stock and its $41 share price looks very attractive today.

A top TSX financial stock

goeasy is another cheap TSX growth stock. Over the past five years, goeasy has delivered a 650% return (not including dividends) to shareholders. Yet, at a price of $178 per share, it only trades with a P/E ratio of 12! While that is in-line with other Canadian financial stocks, none of them have been growing at the same rate as goeasy.

Most Canadian banks have abandoned the sub-prime lending category. While that segment is riskier, studies have shown it to be fairly resilient through the economic cycles. Through an omni-channel platform (brick-and-mortar and online), goeasy has steadily been capturing market share.

For years, it has been growing revenues annually on average by 20%. Earnings per share have grown even faster at a 35% rate. This company has a lot of optionality about how it expands its loans portfolio, so future growth is not a worry. For a steady compounder of wealth, this TSX stock looks attractive right now.

CATEGORY

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2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:TIXT (Telus International)
3. TSX:GSY (goeasy Ltd.)
4. TSX:NVEI (Nuvei Corporation)
5. TSX:TIXT (Telus International)

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