



## Here's Why AcuityAds Stock Soared by More Than 10% on Monday

### Description

On Monday, shares of **AcuityAds Holdings** (TSX:AT)(NASDAQ:ATY), a high-potential AdTech stock, rallied almost immediately after the market opened and ended up closing the day up more than 10%.

### What happened with AcuityAds stock on Monday?

AcuityAds stock was upgraded to a buy rating by analysts at TD Securities, a division of **Toronto-Dominion Bank**.

Last month after the stock reported disappointing earnings, analysts at TD had downgraded the stock, but after falling by over 50% since that report and [45% in the month of November](#) alone, the stock now looks mighty cheap, which led to the upgrade from analysts.

### So what?

AcuityAds has been one of the highest-potential [growth stocks](#) on the TSX all year. AdTech is an industry that's full of potential, and the company's new self-serve platform, illumin, has been highly anticipated by the market. This optimism led the stock to reach a high of more than \$30 back in February.

But a re-rating of these tech stocks in this market environment coupled with AcuityAds missing the mark on its own guidance has led the stock to a significant selloff throughout the year.

Most importantly, though, investors had been expecting a major uptick in sales in its most previous quarter. Last year, when illumin was launched, the company said that it expected it would take about a year for the growth in sales to start showing. So, when AcuityAds missed sales and said it now expects that growth to come in 2022, the stock saw a significant selloff.

## Now what?

The report issued by analysts points out to investors that AcuityAds stock, trading at an [enterprise value](#) to revenue ratio of just 2.5 times, is extremely cheap. That ratio was more than 10 times in June and more than 25 times back in February. In addition, it also started the day Monday trading at an enterprise value to its 2022 estimated EBITDA ratio of just 7.2 times, which is also exceptionally cheap.

The TD analysts also raised another great point. Not only is their target price for AcuityAds \$8.00, which was exactly double where AcuityAds began trading on Monday, but when you look at its valuation, there's almost no downside.

The analysts expect that there is a tonne of opportunity for the stock to rally now, especially if AcuityAds can hit its goals in 2022. And even if it misses the mark, the stock now trades so cheap, that analysts believe there is little downside risk.

So, if you're looking for a high-potential Canadian growth stock to buy today, even after its 10% rally on Monday, AcuityAds offers investors an incredible opportunity.

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