3 Beaten-Down Growth Stocks Canadians Should Buy for 2022

Description

After a stellar run in 2020, growth stocks have taken a breather in the second half of this year. Investors are worried over high valuation multiples as well as rising inflation rates, in addition to the threat of the new COVID-19 variant, which has resulted in a pullback in several stocks.

Here are three beaten-down growth stocks Canadians can buy right now.

WELL Health

The first stock on my list is **WELL Health Technologies** (TSX:WELL). Valued at a market cap of $1 billion, WELL stock is down 46% from all-time highs. The ongoing pandemic acted as a massive tailwind for companies part of the health-tech space, and this trend is likely to continue going forward.

In Q3 of 2021, WELL Health reported sales of $99.3 million, which was an increase of 711% year over year. The stellar revenue growth was on the back of several accretive acquisitions undertaken by WELL in the past year that include CRH Medical and MyHealth Partners.

Its adjusted EBITDA stood at $22.3 million compared to a loss of $0.2 million in the year-ago period. The company expects to end 2021 with a proforma annualized revenue run-rate of $450 million with an adjusted EBITDA run rate of $100 million. We can see that WELL stock is valued at a forward price-to-sales multiple of just over two and a price-to-EBITDA multiple of 10, which is very reasonable given its growth estimates.

Nuvei

Down 55.4% from record highs, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) stock is valued at a market cap of $11 billion. Shares of Nuvei have been pummeled in the last month after a scathing report from noted short-seller Spruce Point Capital accused the company of covering up business failures.

However, the pullback offers investors an opportunity to buy the dip. Nuvei's expanding suite of solutions will allow the company to increase its top line in 2022 and beyond. In Q3 of 2021, Nuvei's sales rose by 96% year over year to US$183.9 million while adjusted EBITDA was up 97% at US$80.9 million.

Nuvei is well poised to benefit from secular tailwinds in several high-growth verticals, as it continues to pursue acquisitions at an aggressive pace.

Green Thumb Industries

The final stock on my list is **Green Thumb Industries** (CNSX:GTII), a cannabis giant with a huge presence south of the border. If marijuana is legalized at the federal level in the U.S., companies with a strong retail presence, such as Green Thumb, will stand to benefit. Right now, Green Thumb is already among the three largest multi-state operators in the U.S. and has reported five consecutive quarters of profits.

In Q3, Green Thumb's sales rose by 49% year over year to US$235 million, while net income more than doubled to US$21.6 million. The company is one of the largest players in Illinois, a state which generated US$1 billion in sales in the first 10 months of 2021 compared to US$669 million in the whole of 2020. Green Thumb has nine dispensaries in the Land of Lincoln, and it's now looking to target new markets that include New York, New Jersey, and Virginia.

Green Thumb stock is down 51% from all-time highs and is valued at a market cap of US$4.23 billion. Given its growth estimates, Green Thumb stock is valued at a forward price-to-2022 sales multiple of less than three and a price-to-earnings multiple of 27.7.

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TICKERS GLOBAL

1. CNSX:GTII (Green Thumb Industries)
2. NASDAQ:NVEI (Nuvei Corporation)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:WELL (WELL Health Technologies Corp.)

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