4 Cheap TSX Tech Stocks to Buy Now for 2022

Description

Thanks to the acceleration in demand, most tech stocks listed on the TSX saw significant growth in 2020. Come 2021, these high-flying stocks witnessed increased selling due to the expected normalization in demand trends, tough comparisons, and valuation concerns.

Given the pullback in their prices, these stocks are trading cheap and are looking attractive at current price levels. Let's look into four such cheap tech stocks worth investing in.

Absolute Software

Absolute Software (TSX:ABST)(NASDAQ:ABST) has corrected nearly 52% from its 52-week high. While Absolute Software got a significant boost amid the pandemic, I expect the company to continue to deliver strong financials that could support the uptrend in its price.

Absolute Software's strong annual recurring revenues, large addressable market, customer acquisitions, high net dollar retention rate augur well for future growth. Moreover, geographic and channel expansion, cross-selling, and a strong product pipeline will likely support its growth.

The recent decline in ABST stock has driven its valuation lower. It is trading at an NTM (next 12-month) EV/sales multiple of 3.4, which is significantly lower than peers and its historical average.

Docebo

Next up are the share of enterprise e-learning solutions provider **Docebo** (TSX:DCBO)(NASDAQ:DCBO). The company is growing fast, as reflected through the ongoing strength in its recurring revenues, contract value, and customer base.

Docebo's customer base increased to 2,636 in Q3 from 2,025 in the prior-year period. Further, its average contract value increased significantly. Docebo's recurring revenues are growing at abreakneck pace, while an increased number of customers are adopting multi-year contracts.

Looking ahead, the continued strength in its base business, product expansion, large addressable market, and high net dollar retention rate will likely support its growth. Moreover, strategic acquisitions and improving marketing productivity will likely accelerate its growth rate. Docebo stock has witnessed a healthy pullback, representing an excellent buying opportunity.

WELL Health

The COVID-19 pandemic led to a significant rally in **WELL Health Technologies** (TSX:WELL) stock. However, WELL Health stock lost a considerable amount of value and is trading cheap due to the economic reopening in 2021.

I am bullish over WELL Health and see this decline in its stock as a strong buying opportunity. The increase in the use of technology in the healthcare sector presents a strong platform for growth for WELL Health. Further, its multi-disciplinary telehealth offerings and extensive network of outpatient medical clinics position it well to capitalize on the secular industry trends.

WELL Health is growing fast and continues to acquire clinical and digital healthcare assets. Moreover, its organic growth rate remains high. It is trading at a forward EV/sales multiple of 3.1, which is well below the pre-pandemic levels.

Dye & Durham

Dye & Durham (TSX:DND) is an acquisitive company that is growing its sales and adjusted EBITDA rapidly. After a strong rally in 2020, Dye & Durham stock has corrected a lot, providing a good entry point. I am upbeat about Dye & Durham's high-growth and high-margin business and expect it to benefit from increased demand amid economic reopening.

Dye & Durham's diversified customer base, higher revenues from the existing clients, long-term contracts, and a high retention rate augurs well for growth. Meanwhile, its robust acquisition pipeline and up-selling opportunities could continue to support its revenue and adjusted EBITDA and, in turn, drive its stock higher.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:DCBO (Docebo Inc.)
3. TSX:ABST (Absolute Software)
4. TSX:DCBO (Docebo Inc.)

5. TSX:DND (Dye & Durham Limited)
6. TSX:WELL (WELL Health Technologies Corp.)

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