2 Amazing TSX Growth Stocks That Are Steals Today

Description

Growth stocks are once again in decline. Even mega-cap tech stalwarts like **Microsoft** and **Alphabet** are seeing strong selling pressure. They have not experienced such a substantial selloff in nearly a year.

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Much of this stock market action has been driven by the U.S. Federal Reserve starting to tighten monetary policy. To a large extent, monetary and fiscal stimulus have been equity valuations in 2021. With interest rates expected to rise sooner and faster than the market anticipated, many investors are running for an exit.

Ripping the band-aide off

Well-known Wedbush technology analyst Dan Ives calls it "ripping the band-aide off." He believes many high-quality stocks are now looking oversold. He argues that we are in the midst of the "the fourth industrial revolution," where technological trends in finance, commerce, security, and data are still in the early innings.

The point is, if you have a long investing time frame (five to 10 years), these dips can be a great entry opportunity. You can pick up stocks in high-quality businesses at a sweet discount. If you are looking for growth stocks at attractive valuations, these two underfollowed TSX stocks could be a great bet for 2022.

goeasy: A fast-growing TSX financial stock

One TSX stock that has seen a modest pullback since September is **goeasy** (TSX:GSY). In that time frame, it is down almost 22%. While goeasy is not a technology stock, it has been quickly growing its omni-channel (digital and retail) lending platform.

In fact, for the past five years it has been growing revenues and earnings per share by compounded annual growth rates (CAGR) of 19% and 34%, respectively. Most Canadian banks have exited the subprime market, leaving a substantial market opportunity for goeasy.

With federal fiscal stimulus abating, goeasy should see its loan book grow. Likewise, it is expanding into new arenas like buy-now, pay-later and auto/recreational vehicle loans. This company has a solid balance sheet and great management team. Despite approximately 20% growth expected going forward, goeasy trades at a bargain 14 times price-to-earnings (P/E) today. It also pays a decent 1.5% dividend.

Calian Group: A top TSX GARP stock

Calian Group (TSX:CGY) is an interesting growth-at-a-reasonable-price (GARP) stock pick. It operates a diversified business that focuses on advanced technologies (satcom), education (military training), healthcare, and cybersecurity/IT. This TSX stock is not closely followed by the market, but that is where the opportunity lies.

After several recent acquisitions, Calian is more diversified by customer, technology, and geography. Over the past two years, revenues grew annually by around 20%. This has been supported by strong organic revenue growth of about 10% across its segments. EBITDA grew by almost double that annual rate (38% CAGR in the past two years). The company has its eye to become a $1 billion revenue company in the next few years.

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Today, it has $78 million of net cash, so it can afford to keep growing by acquisition. With technology business valuations declining, Calian should be able to snag some nice bargains in 2022. Calian only trades for 16 times earnings and 10 times EBITDA. For a TSX stock growing more than double its valuation, Calian looks like attractive value today. It also pays a decent 1.8% dividend today.

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1. Investing
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2. TSX:GSY (goeasy Ltd.)

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2025/09/08
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