



3 Growth Stocks That Could Outperform in 2022

Description

With the easing of bond yields and favourable commentary from the chairman of the Federal Reserve, global equity markets rose yesterday, with **the S&P/TSX Composite Index** rising close to 1%. The index is up 4.4% from last month's lows. So, amid improving investors' sentiments, here are three top Canadian growth stocks that could outperform this year.

Tilray

On Monday, **Tilray** ([TSX:TLRY](#))([NASDAQ:TLRY](#)) had reported a [solid second-quarter performance](#), with its revenue growing 20% year over year, despite market saturation and increased competition. The growth in cannabis revenue and contributions from SweetWater and Manitoba Harvest drove the company's revenue. Its adjusted EBITDA came in at \$13.8 million, representing an increase of 8% from the previous quarter. it was the 11th consecutive quarter of positive adjusted EBITDA.

The solid second-quarter performance led Tilray's stock price to rise over 14% since posting its earnings. Despite the surge, the company is still trading at around 65% lower than last year's highs. Given the steep discount and healthy growth potential, I expect Tilray to deliver superior returns this year.

Through its innovative Cannabis 2.0 product offerings, expanded distribution network, and strategic price adjustments, the company continues to be a market leader in the Canadian cannabis sector. Further, it has acquired 20%, a leading market share, in Germany, Europe's largest and most profitable medical cannabis market. With the new coalition government in favour of legalizing recreational cannabis, the strong production and distribution network could help the company acquire a substantial share in the recreational cannabis segment upon legalization.

Tilray also looks to strengthen its position in the other parts of Europe with its EUGMP-certified production facilities in Portugal and Germany and a strong distribution network. Meanwhile, in the United States, its strategic pillars, SweetWater and Manitoba Harvest, continue to drive its growth. Together, they generate around \$100 million of revenue with positive adjusted EBITDA and cash flows.

Meanwhile, the infrastructure could also help the company drive its THC products' sales upon legalization. So, [I continue to be bullish on Tilray](#).

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is another Canadian stock that I expect to deliver superior returns this year, given its high-growth potential. The spending on cybersecurity is growing amid rising digitization and increased remote working and learning. So, amid the expanding addressable market, the company is launching innovative products and upgrading the existing ones to expand its customer base.

BlackBerry has a substantial presence in the automotive sector. With the increase in software components in the vehicles, I expect the company's intelligent vehicle data platform, IVY, could be a solid growth driver in the coming quarters. Also, the company looks to increase its competitive positioning in the high-growth EV and IoT segments. Additionally, the company earns significant revenue from recurring sources, which is encouraging.

WELL Health Technologies

My final pick would be **WELL Health Technologies** ([TSX:WELL](#)). The telehealthcare provider had a challenging 2021, with its stock price losing over 35% of its stock value. The concerns over its high valuation and investors' fear that the economic reopening could negatively impact its growth appear to have dragged its stock price down. However, I expect telehealthcare services continue to be in demand, even after the pandemic due to their accessibility and cost effectiveness.

Meanwhile, WELL Health also carries out strategic acquisitions to drive growth. Last year, it closed 10 deals. Supported by these acquisitions, the company's total revenue and adjusted EBITDA run rate have reached close to \$450 million and \$100 million, respectively. Meanwhile, its virtual services segment alone contributes \$110 million, with positive adjusted EBITDA and cash flows. Further, the segment is witnessing a robust organic growth of 50%, which is encouraging. So, given the favourable environment, improving financials, and discounted stock price, I expect WELL Health to deliver substantial returns this year.

CATEGORY

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1. NASDAQ:TLRY (Tilray)
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3. TSX:BB (BlackBerry)
4. TSX:TLRY (Aphria)
5. TSX:WELL (WELL Health Technologies Corp.)

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