



TSX Stocks on Sale: Lightspeed, Absolute Software, and More

Description

The selling in high-growth stocks continues, eroding a significant portion of their value. For context, high-flying Canadian stocks have lost more than 50% of their value from the peak and are trading incredibly cheap.

While the volatility in these could remain elevated in the short term, the massive correction in the prices of these high-growth companies presents a solid buying opportunity for investors with a long-term mindset. This article focuses on high-quality stocks that are trading at a massive discount and have the potential to outperform the broader markets by a significant margin in the coming years.

Lightspeed

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is getting hammered. To be precise, Lightspeed stock has crashed over 77% from its high and is trading cheap. Notably, its next 12-month EV/sales multiple of 5.4 reflects a discount of about 69% from its historical average and represents an excellent [buying opportunity](#).

While Lightspeed stock could remain volatile in the near term owing to difficult comparisons and moderation in growth rate, I am bullish about its long-term prospects. Increased penetration of its payments offerings, higher demand for digital products, growing addressable market, and expansion into high-growth markets will likely drive its financials and, in turn, its stock price in the long term.

Moreover, product expansion, higher average revenue per user, and ongoing shift towards digital platforms bode well for future growth.

Absolute Software

Like Lightspeed stock, economic reopening and difficult comparisons weighed on **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) stock, which witnessed a correction of about 61% from its high. Given the recent decline, Absolute Software stock is trading at a forward EV/sales multiple of three, which is

lower than peers and its historical average.

I see this compression in its valuation multiple as an opportunity to buy. It's worth noting that the ongoing shift towards digital and increased cybersecurity incidents will likely fuel demand for its products. Meanwhile, continued strength in its enterprise segment remains positive.

Overall, its low valuation, strong recurring revenues, large addressable market, expansion of global footprint, and new product launches will likely support the recovery in its stock. Moreover, strategic capital allocation, customer acquisition, and high retention rate are positives.

Nuvei

With its shares down about 58% from the 52-week high, **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) is another high-quality stock offering a significant discount. The correction in Nuvei stock presents a [good entry point](#) for long-term investors.

Notably, secular industry trends, its large global customer base, expansion of TAM (total addressable market), and entry into high-growth verticals (regulated online gaming) augur well for growth. Moreover, growing income from existing customers, focus on product innovation, and opportunistic acquisitions provide a solid foundation for growth.

Nuvei is adding newer capabilities and also expanding into new geographies, which will likely accelerate its growth rate.

Management remains upbeat and reiterated its medium-term volume and revenue-growth rate. Nuvei expects its total volumes to increase by over 30% in the medium term. Meanwhile, its top line is projected to grow at a similar pace.

Overall, its low valuation, increasing scale, and good growth opportunities support my bullish view.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:NVEI (Nuvei Corporation)
3. NYSE:LSPD (Lightspeed Commerce)
4. TSX:ABST (Absolute Software)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:NVEI (Nuvei Corporation)

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