This Unbelievably Cheap Growth Stock Is a Screaming Buy While it's on Sale

Description

Growth stocks are some of the best investments to own for years. When you find a high-quality growth stock that has years of potential, it can provide your portfolio with some truly significant gains. And there's no opportunity better than when you can find a high-quality growth stock to buy that's trading ultra-cheap.

So, after all the recent volatility and many tech stocks selling off significantly, there are some extremely high-potential businesses that now trade at unbelievable valuations.

Therefore, although the market is choppy, and stocks could get still get cheaper before they rebound, if you're looking to add growth to your portfolio, here is one of the best long-term growth stocks to buy while it's still cheap.

A top pandemic favourite trading well off its 52-week high

One of the best performers through the pandemic was **WELL Health Technologies** (TSX:WELL), a healthcare tech stock growing rapidly by acquisition. In addition to owning physical clinics, WELL also owns a portfolio of telehealth apps, a digital health business, an electronic medical records business, and more. It's well-diversified and has tonnes of opportunities to find synergies among its businesses, to grow its margins alongside its sales.

However, it has understandably been selling off lately for a couple of reasons. First, it had a major tailwind from the pandemic, as healthcare tech stocks were some of the best performers. So as the pandemic has had less of an impact on the economy over the last year, these stocks have lost some of that tailwind.

In addition, as interest rates are set to increase this year, some of the hardest impacted stocks have been high-growth tech stocks. As a result, WELL now trades more than 50% below its 52-week high. But although it makes sense that it has sold off lately, considering it lost the tailwind from the pandemic and now faces increasing interest rates, the stock is so cheap it's hard to ignore.

Last week it even traded below $4 a share. However, when the company came out and gave an update on its business operations ahead of its earnings release next month, the stock gained.

Here's why WELL is still one of the best growth stocks to buy while it's cheap

Last week, WELL reported that it ended the fourth quarter with an annualized revenue run rate over $450 million and an annualized EBITDA run rate over $100 million. At that rate, WELL is currently trading at an enterprise value (EV) to sales ratio of just 2.9 times and an EV to EBITDA ratio of fewer than 13 times.

In addition to the financial update, it also reported 692,913 omnichannel patient visits in Q4, a year-over-year increase of 121% and a 19% increase over the third quarter of 2021. And when you combine its patient visits with diagnostic visits and consultations from its other subsidiaries, WELL Health ended 2021 with an annual run-rate of 3.86 million patient interactions.

In the announcement, WELL also stated that it plans to activate a previously approved share buyback program after it releases its fourth-quarter results. This planned share buyback is another sign that the stock is ultra-cheap.

Bottom line

There's no telling how much longer the market will stay choppy and high-growth stocks like WELL will continue to sell off. However, these are the best opportunities for investors with a long-term outlook to buy these top growth stocks while they are so cheap.

All five analysts that cover WELL have it rated a 'buy,' and its average target price is currently north of $10 a share, more than double where it trades today.

So if you want to take advantage of the sell-off and buy the highest possible growth stocks while they are cheap, WELL is one I'd be watching closely in the current high-volatility environment.

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Date
2025/08/24
Date Created
2022/01/25
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