Have These 3 Canadian Stocks Bottomed Out After Falling Over 50%?

Description

With the inflation in the United States reaching 40-year highs, investors expect the Federal Reserve to be more aggressive in increasing interest rates to tame inflation. Higher interest rates could raise borrowing costs, thus impacting the margins of growth stocks, which require higher capital to fund their growth initiatives. So, amid the uncertain environment, the following three growth stocks have corrected over 50% from their recent highs. So, let's examine whether these stocks have bottomed out, providing excellent buying opportunities.

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Lightspeed Commerce

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) has lost close to 78% of its stock value compared to its September highs. Spruce Point had published a short report in September accusing Lightspeed Commerce of inflating its numbers. This report, weak guidance due to the supply chain issues, and expectation of rising inflation have led to a selloff in the company's stock price. Meanwhile, I believe the correction has provided an excellent entry point for investors with a three-year investment time frame.

With more businesses shifting towards the omnichannel business model, the addressable market for Lightspeed Commerce is expanding. Meanwhile, the company is introducing new products, expanding its geographical presence, venturing into new business segments, and completing strategic acquisitions to boost its competitive positioning. So, given its healthy long-term growth potential and discounted stock price, I believe Lightspeed Commerce to be an excellent addition to your portfolio right now.

Meanwhile, analysts also look bullish on the stock, with 16 of the 19 analysts covering the stock issuing a "buy" rating. Their 12-month consensus price target represents an upside potential of 157%.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) is another stock that has witnessed significant correction over the last year. It has lost around 58% of its stock value compared to its 52-week high. The selloff in high-growth tech stocks appears to have dragged the company's stock down. Meanwhile, the company's financial performance is improving, supported by both organic growth and acquisitions. Earlier this month, the company's management announced preliminary results of its fourth quarter, which ended on December 31.

WELL Health ended the quarter with its annualized revenue exceeding $450 million, beating the management's earlier guidance. The growth in omnichannel patient services and virtual services drove its financials, with the recent acquisitions Wisp also contributing to the growth. During the quarter, the company's omnichannel patient visits increased by 121% on a year-over-year basis. Meanwhile, adding patient visits of both MyHealth and Wisp, the company had a total of 965,294 patient interactions during the quarter, representing an annualized run-rate of 3.86 million patients.

Also, the upward momentum in WELL Health's financials could continue, as more people are opting for virtual services given their convenience and cost effectiveness. The company's solid cash flows and strong balance sheet could support its growth initiatives. So, given its growth potential and favourable business environment, I am bullish on WELL Health.

BlackBerry

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My final pick is **BlackBerry** (TSX:BB)(NYSE:BB), which had reported a solid third-quarter performance last month, outperforming analysts' expectations. The strong performance from its IoT and cybersecurity segments drove its financials. Meanwhile, the company has added many blue-chip companies to its client base while collaborating with Google and **Qualcomm** to reduce the friction and the time to market for Android automotive applications running on its QNX platform.

Additionally, BlackBerry's IVY platform could be a significant growth driver in the coming quarters amid rising software components in vehicles. The company is also increasing its presence in the high-growth EV segment. The rising spending on cybersecurity amid digitization and remote working could also increase the addressable market for the company. So, given its multiple growth drivers and a discounted stock price, I believe BlackBerry could deliver superior returns in the near to medium term.

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1. Investing
2. Tech Stocks

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1. NYSE:BB (BlackBerry)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BB (BlackBerry)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:WELL (WELL Health Technologies Corp.)

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2025/06/29
Date Created
2022/01/31
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