2 Undervalued Growth Stocks That Could Double Your Wealth in 2022

Description

The last two weeks have reminded equity investors that stock market corrections and pullbacks are an integral part of the investing cycle. But a pullback should be viewed as a chance to purchase quality stocks at attractive multiples.

Here, we take a look at two undervalued growth stocks that have underperformed the broader markets in recent trading sessions but that should gain significant momentum if market sentiment improves.

Curaleaf Holdings

An integrated medical and wellness cannabis operator in the U.S., **Curaleaf Holdings** (CNSX:CURA) is valued at a market cap of $6.51 billion. In Q3 of 2021, Curaleaf reported revenue of US$317 million, an increase of 74% year over year. It also generated US$52 million in operating cash flow.

The company confirmed it remains on track to achieve revenue guidance between US$1.2 billion and US$1.3 billion in 2021, making Curaleaf one of the largest cannabis producers in the world.

It also explained strategic acquisitions remain a key pillar of long-term growth plans. Last October, Curaleaf closed the acquisition of Los Suenos Farms and a month later announced plans to acquire Tryke Companies. Tryke is a vertically integrated multi-state operator that will enable Curaleaf to gain traction in markets such as Nevada, Utah, and Arizona.

Company CEO Joe Bayern stated, “We expanded our scale and reach by strategically growing our retail and wholesale presence and significantly increasing our cultivation capacity both organically and, more recently, through M&A.”

In Q3 of 2021, Curaleaf expanded the number of wholesale accounts by 6% sequentially to 2,100 and is on track to add 275,000 square feet of flower canopy by end of 2021.

Last month, Curaleaf confirmed it closed the acquisition of Bloom Dispensaries, which is a vertically integrated single state cannabis operator in Arizona. Right now, Curaleaf’s retail footprint has reached

13 dispensaries in Arizona and surpassed 120 dispensaries in the United States.

Bloom reported sales of US$66 million in 2021 with an adjusted EBITDA margin of 40%. The acquisition was valued at US$211 million.

Analysts expect Curaleaf sales to touch US$2.1 billion in 2022 valuing the stock at a forward price-to-sales multiple of less than three. It is also forecast to report an adjusted profit in 2022, making it a top bet for growth and value investors. Analysts tracking the stock expect Curaleaf to surge over 150% in the next 12 months.

WELL Health Technologies

Another beaten-down growth stock you can buy right now is **WELL Health Technologies** (TSX:WELL). The company is valued at a market cap of $942 million, which is incredibly cheap given it's poised to end 2021 at an annualized revenue run rate of $450 million. Further, its adjusted EBITDA run rate is also forecast at $100 million.

So, WELL stock is trading at a price-to-earnings multiple of just over two and it managed to increase patient visits by 121% year over year in the December quarter. Last year, WELL Health announced the big-ticket acquisition of CRH Medical, which delivered US$43 million in free cash flows in 2021.

WELL stock is down 50% from all-time highs and is trading at a discount of almost 200% compared to consensus estimates.

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araghunath