2 Incredibly Cheap TSX Growth Stocks to Buy in February 2022

Description

If you are looking for cheap stocks on the **TSX** in 2022, there are plenty of opportunities today. The recent decline in technology and growth stocks is creating some incredible bargains for long-term thinking investors. I can't promise that the market has reached a bottom here. There are ample issues for the market to worry about going forward (Ukraine-Russia, interest rates rising, inflation, etc.).

Buy cheap TSX growth stocks can create elevate gains

However, over years and decades, the stock market goes up way more often than it falls. After each fall, it rises much higher than it went down. Hence, if you can stomach volatility and buy when there is pain in the market, you can truly build a fortune.

You can accelerate that fortune by buying great quality companies that temporarily dip and trade at a bargain. If I was looking to take advantage of the recent stock market decline, here are two cheap TSX stocks I would consider.

Nuvei: A high-growth TSX tech stock that just became cheap

If you don't mind a higher-risk, higher-reward situation, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) is a relatively cheap stock at the moment. By cheap, I mean it is down by more than 27% over the past six months. On a fundamental basis it is starting to look attractive as well. While it trades at 10 times forward sales, it only trades at 30 times cash flows and earnings.

These multiples may seem high. Yet, Nuvei has grown sales by +50% since its initial public offering in late 2020. Likewise, as it scales, this payments company is becoming more profitable. EBITDA is expected to grow by over 90% in 2021 and over 30% in 2022.

All the while it has maintained attractive +40% EBITDA margins. As of late, the company has been signing several interesting partnerships that should further fuel the utilization of its platform. Payments stocks are being left for dead in the stock market, but Nuvei looks to present some attractive value here.

Enghouse Systems: A value-priced tech stock

Enghouse Systems (TSX:ENGH) is another cheap TSX growth stock that has lately been forgotten by the market. Enghouse has made its bread-and-butter acquiring slightly legacy technology and software businesses at cheap valuations. It then applies its business acumen and turns them into cash cows. This process fuelled 21% compounded annual total returns over the past 10 years. That equals a 600% total return.

Enghouse' recent growth rate has slowed because valuations have been too lofty for it to acquire new businesses. As a result, the company has just been reaping tons of free cash flow and waiting for the right opportunities. Currently, it has $200 million of net cash that it can deploy. Given the pullback in tech valuations and rising interest rates, capital-needy tech businesses may now look to be acquired. That could fuel very strong growth this year and beyond.

This cheap TSX stock only trades for 13 times EBITDA and 17 times free cash flow. Enghouse stock hasn't been this cheap since 2017, so today looks like an attractive entry point.

The Foolish takeaway

Sometimes you must wade through an ugly stock price chart to find a gem in the rough. The recent TSX market pullback has created some great opportunities to buy high-quality growth stocks at cheap entry points. As always, think long-term, be patient, and Fool on.

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