2 Cheap Growth Stocks TSX Investors Can Buy in February

Description

The ongoing turbulence in equity markets allows investors to purchase growth stocks at a cheap valuation. In fact, every major pullback in stock prices should be viewed as a buying opportunity by long-term investors. With these factors in mind, let's take a look at two undervalued growth stocks in **goeasy** (TSX:GSY) and **WELL Health** (TSX:WELL) that should be on top of your shopping list for February.

The bull case for goeasy stock

Shares of goeasy have returned close to 2,600% in dividend-adjusted gains in the last decade. Despite these stellar gains, GSY stock is down 30% from all-time highs valuing the company at a market cap of $2.44 billion.

goeasy provides non-prime leasing and lending services to Canadians through its easyhome, easyfinancial, and LendCare brands. It offers a wide portfolio of financial products and services that include lease-to-own merchandise, home equity loans, personal loans, and auto loans.

Customers can conduct transactions via an omni-channel model that includes a mobile and online platform in addition to 400 locations across Canada and PoS (point-of-sale) financing offered through 4,000 merchants across verticals.

goeasy has already acquired and served over one million Canadian customers and originated more than $7.2 billion in loans to date. Around 33% of its easyfinancial customers have graduated to prime credit, while 60% have increased credit scores within 12 months of borrowing.

Bay Street expects GSY to increase sales from $653 million in 2020 to $985 million in 2022, valuing the stock at a forward price-to-sales multiple of less than three. It also valued at a price-to-2022 earnings multiple of 12.1, which is quite reasonable given that its net income is forecast to expand by 36% in 2021 and 17% in 2022.

GSY stock has a 12-month average price target of $231, which is 54% above its current trading price.

The bull case for WELL Health stock

WELL Health went public in 2016 and has returned a staggering 4,500% to investors in fewer than six years. The Canada-based health-tech stock is, however, trading 50% below all-time highs. WELL Health's practitioner enablement platform offers virtual healthcare solutions for medical clinics that include digital EMR (electronic medical records), practice management software, digital health applications as well as solutions such as billing and revenue cycle management, clinic optimization tools, and cybersecurity solutions.

WELL is already Canada's largest outpatient medical clinic owner-operator and telehealth service provider. Its clinic network in Canada and the U.S. consists of outpatient medical clinics that serve primary, secondary, and specialized healthcare services.

A rapidly expanding company, WELL Health continues to aggressively acquire clinical and digital healthcare assets. It is poised to exceed $450 million in annualized run rate in Q4 of 2021 compared to sales of just $50.2 million in 2020. Further, WELL Health is also racing toward profitability and is approaching an adjusted EBITDA run rate of $100 million.

Analysts tracking WELL Health expect sales to touch $487 million in 2022, valuing the stock at a forward price-to-sales multiple of just two. WELL stock has a 12-month average price target of $11.17, which is 142% above its current trading price.

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2. TSX:WELL (WELL Health Technologies Corp.)

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