



## 2 Top TSX Growth Stocks for the Next 5 Years

### Description

[Growth stocks](#) can be key propellers for Canadians planning for early retirement or aiming to grow their retirement fund considerably. However, they could also bring greater volatility to one's portfolio.

### Nuvei stock

Nuvei's ([TSX:NVEI](#))([NASDAQ:NVEI](#)) cash flow generation has improved significantly over the years. In 2018, it generated US\$6.5 million of free cash flow (FCF), which was 47% of its operating cash flow. Its trailing 12-month (TTM) FCF was US\$223 million — almost 91% of its operating cash flow. The tech stock market crash simply brought the [tech stock](#) from astronomical multiples back down to a more earthly valuation.

Many pundits are still wary about Nuvei stock after it was hit by a short-seller report. Here's Stephen Takacsy's comment from last month:

"Lots of growth comes from offshore gambling, and he has an ESG problem with that. Expensive segment, even at this level. This will bounce around off the base. Company needs to come out with better than expected results to counteract the short report."

*Stephen Takacsy, president, CEO and chief investment officer of Lester Asset Management*

After the tech [stock market crash](#), Nuvei stock appears to be basing. Investors are probably waiting for news in March to get greater clarity on the company's outlook. First, Nuvei will report its fourth-quarter and full-year 2021 results on March 8. Second, it will be hosting a Capital Markets Day on March 28 when management will provide insights and an update on the business, its solutions, and market opportunities.

Global payments are poised to grow. It's a matter of if Nuvei can continue to maintain its pie or even gain market share.

## A growing tech stock

**Converge Technology Solutions** ([TSX:CTS](#)) stock is continuing its shopping spree and its successful M&A growth strategy. Back in August 2021, Converge set foot in Europe by acquiring a controlling stake in REDNET AG, which opened its doors to the large market of Germany. REDNET was a perfect fit, as it is an IT services provider that specializes in serving a wide range of clients across the education, healthcare, and government or public sectors.

Through REDNET, the software-enabled IT & cloud solutions provider just acquired its second acquisition in Germany, Visucom GmbH, for about 3.2 times TTM adjusted EBITDA. REDNET has worked with Visucom in recent years and seems to know it well. In a recent press release, REDNET management stated that Visucom “perfectly complements our audiovisual offerings.” Additionally, the Visucom CEO stated that “we can offer our clients across Germany a wider range of service offerings to complement Visucom’s existing audiovisual media, including custom-fit professional and managed services.”

Visucom is Converge’s 27th acquisition since October 2017. The acquisition matches Converge’s growth strategy of acquiring companies at a lower adjusted EBITDA multiple versus its trading multiple, raising equity along the way to help fund acquisitions, and cross-selling a broader range of offerings. Visucom’s TTM revenue and adjusted EBITDA are €7.2 million and €\$1.8 million, respectively. The acquisition is expected to be immediately accretive to Converge, resulting in increased revenue and adjusted EBITDA.

The acquisition news triggered a pop of 5.65% in Converge stock yesterday. The consensus 12-month price target of \$13.63 represents near-term upside potential of about 20%. The company has just started its European expansion. So, it should have lots of room to grow over the next five years and likely beyond.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
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