4 TSX Stocks Down Over 40%: Should You Buy Now?

Description

Thanks to the recent selling, several TSX stocks are trading at a substantial discount, making them attractive at current levels. So, if you plan to invest in a few high-growth stocks, here's my list of four stocks that have corrected at least 40% from their highs.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) stock skyrocketed amid the pandemic. However, shares of this cloud-based e-learning solutions provider have corrected about 40% from its high, providing a good entry for investors. Docebo continues to grow rapidly, reflected through the ongoing strength in its recurring revenues and customer acquisitions.

Notably, Docebo's recurring revenues have a CAGR of 65% since 2016 and account for most of its revenues. Docebo continues to add new customers, while an increased number of customers are adopting multi-year contracts, which is encouraging. Further, its average contract value has grown over time, while the net dollar retention rate remains high.

Overall, Docebo's strong recurring revenues, customer growth, opportunistic acquisitions, product innovation, and larger deal size augur well for growth and support my bullish view.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) stock looks attractive at current levels, thanks to the 49% correction in its price from its high. The moderation in growth rate amid reopening of retail locations, difficult year-over-year comparisons, and supply-chain headwinds remained a drag on Shopify stock. However, I see Shopify's headwinds to dissipate soon, while its growth could accelerate in the second half of 2022.

Shopify has ample growth catalysts that would help it to outperform the broader market averages by a significant margin in the long term. Strengthening of its fulfillment network, new products, and addition of high-growth sales channels will likely drive its merchant base and, in turn, its revenues. Further, the growing adoption of its payments solutions, geographic expansion, and operating leverage bode well for future growth.

WELL Health

Next up is **WELL Health** (TSX:WELL) stock that fell nearly 51% from its 52-week high. The significant correction in its price represents an excellent buying opportunity, especially as WELL Health continues to grow rapidly and has been delivering positive adjusted EBITDA over the past several quarters.

WELL's extensive omnichannel patient services, momentum in U.S.-focused virtual services, an increasing network of outpatient medical clinics, and accretive acquisitions bode well for future growth and will likely drive its financials in the coming quarter. WELL stock is trading at a forward EV/sales multiple of 2.9, which is significantly lower than the historical average, making it cheap on the valuation front.

Lightspeed

Lightspeed (TSX:LSPD)(NYSE:LSPD) stock is too cheap to ignore at current levels. It has decreased by more than 75% from its 52-week high and is trading at an EV/sales multiple of 5.8, significantly lower than its historical average.

The recent correction in its price and low valuation make it attractive at current levels. Further, the ongoing migration of small- and medium-sized businesses towards omnichannel selling platforms provides a multi-year growth opportunity for Lightspeed.

The strong demand for Lightspeed's digital products, innovation, entry into high-growth markets, and growing penetration of its payments solutions augur well for future growth. Further, its focus on acquisitions, growing customer base, and the large addressable market will likely support its growth.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:DCBO (Docebo Inc.)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:SHOP (Shopify Inc.)
7. TSX:WELL (WELL Health Technologies Corp.)

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