Are the Pullbacks in These 3 High-Growth TSX Stocks Entry Points?

Description

Thanks to the recent selloff, the valuations of several top-quality high-growth stocks appears reasonable and well within investors' reach. Take **Shopify** (TSX:SHOP)(NYSE:SHOP), **Nuvei** (TSX:NVEI)(NASDAQ:NVEI), and **goeasy** (TSX:GSY), for instance. Shares of these high-growth Canadian companies have corrected quite a lot, creating a buying opportunity at current levels.

It's worth noting that these stocks could remain volatile in the near term due to the expected increase in interest rates and normalization in growth rate. However, they have multiple growth vectors that could drive their financial and operating performances and would help them deliver superior returns.

Shopify

Shopify stock has corrected about 51% from its high and is trading at NTM (next 12-month) EV/sales multiple of 18.1, which is well below its historical average. I see this as an opportunity for buying Shopify stock for the long term.

The company is positioned well to capitalize on the ongoing migration of businesses towards omnichannel platforms. Further, it continues to gain market share in the U.S. retail e-commerce sales, which is positive. While difficult comparisons and reopening of physical retail locations could impact its near-term growth, its strong subscription revenues, growing adoption of payments solutions, and international expansion augur well for future growth.

Further, its expansion of fulfillment capacity, the launch of new products and services, and its multichannel selling platform will likely drive its financial and operating performances and, in turn, its stock price.

Overall, the recent pullback in its price, strong competitive positioning, and high-growth business model make Shopify a must-have stock in your portfolio.

Nuvei

A short report from Spruce Point and overall selling in high-growth stocks took a toll on Nuvei. Shares of this payments technology company corrected about 56% from the peak. Nevertheless, its growing portfolio of alternative payment methods, innovative product solutions, new customer wins, and strategic acquisitions drive its addressable market and product capabilities and, in turn, its growth.

Thanks to the ongoing momentum in its business, I am bullish on Nuvei and see this pullback as an excellent entry point. Further, its geographic expansion, entry into high-growth verticals (like online marketplaces, regulated online gaming, and digital goods and services), the addition of new capabilities, higher revenues from existing customers, and opportunistic acquisitions will likely accelerate its growth.

Nuvei expects to grow its volumes and revenue by about 30% per annum in the medium term. Meanwhile, it expects to generate an adjusted EBITDA margin of about 50% in the long term, supporting my bullish view.

goeasy

Shares of goeasy have declined by 27% from its high, creating a solid entry point for buyers. This financial services company has been growing its financials at a breakneck pace for a very long period. For instance, its revenue and adjusted net income have a CAGR of 12.8% and 31%, respectively, since 2001, which is encouraging.

Further, goeasy is projecting double-digit growth in its revenues over the coming years, which will likely support its earnings and drive its stock price higher.

The large subprime lending market, goeasy's dominant positioning, increase in loan originations, acquisitions, product expansion, and high-value loan ticket size will likely support its top-line growth. Meanwhile, operating leverage and strong repayment volumes will drive double-digit growth in its bottom line.

Thanks to its solid profitability, goeasy could continue to grow its dividend at a healthy pace and return a substantial amount of cash to its shareholders.

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