2 Top Canadian Growth Stocks With Soaring Revenue and Falling Share Prices

Description

You may have noticed many of the top Canadian growth stocks selling off consistently over the last few months. In fact, some of the best-performing stocks over the last couple of years, and those that continue to grow revenue well, are still some of the worst-performing stocks in the current market environment.

While this may not make sense on the surface, it is understandable. Because there is so much uncertainty in markets right now, many investors want to shore up their portfolios with safer stocks that are well-established and profitable.

Therefore, growth stocks that have been expanding operations rapidly, but are likely not very profitable yet, have fallen out of favour with investors. So not only are investors selling some of these stocks to raise capital for safer companies, but without many investors willing to buy in this environment, the share prices only continue to fall.

This can't go on forever, though. And it's getting to the point where many of these high-growth stocks offer an excellent opportunity, especially for long-term investors who see the potential and are willing to wait for the market environment to improve.

So if you're looking for top Canadian growth stocks to buy undervalued today, here are two of the best to consider.

A top Canadian retail growth stock expanding across the U.S.

One of the top retail stocks Canadian investors can buy that continues to offer impressive growth is **Aritzia** (TSX:ATZ). Aritzia is a women's fashion retailer that's been gaining popularity rapidly.

The company's revenue over the last four quarters of $1.3 billion has grown by roughly 58% in just the previous three years, from when its revenue was roughly $835 million.

Much of this has been due to successful growth in its e-commerce, which has long been a goal of the company, even before the pandemic. In addition, its boutiques continue to perform well, and the growth across the U.S. offers a major opportunity for the company to expand its operations.

Most importantly, though, besides Aritzia's soaring revenues, its operating margins have also improved. This shows that the company can continue to achieve scale as it expands its operations, which is why it's such a high-potential Canadian growth stock.

With the share price down roughly 25% from its 52-week high and now trading at a forward price-to-earnings ratio of just 28 times, that's one of the lowest valuations it's had since the pandemic started. So it's not surprising that Aritzia has an average target price from analysts of $66, a more than 50% premium to today's price.

Therefore, if you're looking for top Canadian growth stocks to buy, Aritzia is a high-quality company, and it offers attractive value.

A top tech stock with years of growth ahead

Another one of the top Canadian growth stocks and one at a slightly earlier stage than Aritzia is **WELL Health Technologies** (TSX:WELL).

Because it's earlier in its growth, it offers higher growth potential. However, with that being said, it's also not yet profitable, unlike Aritzia. WELL has been able to generate positive EBITDA, though, and with impressive revenue growth, it continues to be a top investment to consider.

In 2020, WELL did just over $50 million in revenue. That's grown considerably, to more than $200 million in the last 12 months. And analysts are expecting nearly $500 million of revenue in 2022.

So with WELL now owning several portfolio companies, which all provide synergies and their own organic growth potential, as well as a business that already has strong margins, the health care tech stock is well-positioned to continue to disrupt the health care industry and bring much-needed upgrades and improvements.

And much like Aritzia, one of the biggest factors in all the potential WELL has is that it's also extremely cheap today. According to the average analyst target price, WELL should be worth upwards of $10 a share. That's a more than 133% premium from where it trades today.

Therefore, WELL Health Technologies is one of the top Canadian growth stocks to consider adding to your portfolio today.

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