Down Over 20% for This Month: Should You Buy These 3 Canadian Tech Stocks?

Description

Canadian tech stocks had witnessed substantial growth during the pandemic. However, these companies have been under pressure over the last few months. Several factors, including the normalization of growth amid the reopening of the economy, higher valuation, and expectation of interest rate hikes, have weighed on their stock prices. The following three stocks have lost over 20% of their stock values in this month. So, let's access buying opportunities in these three tech stocks after a steep correction.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) has lost over 25% of its stock value this month while trading 62.3% lower for this year. Amid a challenging year-over-year comparison, Shopify's management expects moderate growth this year compared to its previous year. Higher inflation and expensive valuation had led to a steep correction in its stock price. However, I believe the selloff has provided an excellent entry point for long-term investors, given its healthy growth potential and attractive valuation.

Amid the steep fall, Shopify's NTM (next-12-month) price-to-sales multiple has declined to 10.6, lower than its historical average. Meanwhile, the growth in digital commerce has created a multi-year growth potential for the company. The expansion to new markets, new product launches, the acquisition of new customers, and the strengthening of fulfillment capacity could drive its growth in the coming quarters.

So, despite the near-term volatility, I believe long-term investors can accumulate Shopify to earn superior returns over the next three years.

Docebo

Second on my list is **Docebo** (TSX:DCBO)(NASDAQ:DCBO), which is trading 25.9% lower for this month and 41.8% for this year. The weakness in the growth stocks, higher valuation, and the expectation of lower growth amid the easing of restrictions have dragged the stock down.

Meanwhile, more businesses are adopting e-learning solutions, given their convenience and cost effectiveness. This transition is expanding the addressable market for the company. Docebo is well equipped to benefit from the expanding market, given its highly configurable, innovative solutions. Additionally, the growing customer base, increasing average contract value, and higher recurring revenue bode well with its growth.

Notably, Docebo's NTM price-to-sales multiple stands at 8.6 below its historical average amid the recent correction. So, given its expanding addressable market and attractive valuation, Docebo could be an excellent buy for long-term investors.

Goodfood Market

My final pick is **Goodfood Market** (TSX:FOOD). The online grocery company has lost 21.6% of its stock value this month and trades over 80% lower than its August highs. Amid the steep correction, its NTM price-to-sales multiple stands an attractive 0.4.

Meanwhile, Goodfood Market is focusing on strengthening its last-mile delivery infrastructure to increase the speed of the delivery. It has planned to open 20 micro-fulfillment centres this year, which could help scale its on-demand grocery and meal solutions network. So, it has raised around $30 million this year through convertible unsecured debentures to fund these growth initiatives.

Goodfood Markets is expanding its product offerings, increasing its production capabilities, and venturing into new markets to drive growth. So, I believe the company is well equipped to benefit from the increased adoption of online grocery shopping.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:FOOD (Goodfood Market)
5. TSX:SHOP (Shopify Inc.)

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