2 Canadian Stocks to Buy in a Correction

Description

The correction in the stock market provides a solid opportunity for investors to buy top-quality stocks at reasonable prices. While several TSX stocks have witnessed a pullback, a few have corrected quite a lot, making them attractive at current levels. Let's look at two stocks with solid potential for growth and trading at significant discounts.

WELL Health

The first stock to buy in a correction is **WELL Health Technologies** (TSX:WELL). The stock fell about 44% from its 52-week high on fears of an expected slowdown in growth. For context, WELL Health is a digital healthcare company that got a significant boost amid the pandemic. However, the reopening of the economy has led investors to dump WELL Health stock on fears that its growth will slow down.

WELL Health faces tough comparisons, which could impact its growth. However, it continues to grow rapidly on the back of the strength in its base business and benefits from acquisitions. Recently, WELL Health announced that its U.S. business continues to deliver record organic and inorganic growth, which is encouraging. The number of omnichannel patient visits remains strong and continues to grow.

The company omnichannel patient visits came in at 692,913 in Q4, reflecting a year-over-year and quarter-over-quarter increase of 121% and 19%, respectively. Its diverse telehealth offerings, a strong network of outpatient medical clinics, large addressable market, opportunistic acquisitions, strength in the U.S. business, and ability to deliver strong cash flows make it a solid investment at current levels.

Nuvei

Payment technology company **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) is another top stock to buy on the dip. While Nuvei stock recovered from its lows, it continues to trade at a discount of about 47% from the highs.

While it trades at a discount, it continues to grow its business rapidly, reflected through an organic revenue growth of 61% in 2021. Meanwhile, its revenue and adjusted EBITDA increased by 93% and 95%, respectively.

Nuvei’s growing alternative payment methods, including cryptocurrencies and several digital wallets in the Asia-Pacific region, and customer acquisitions bode well for future growth. Further, product innovation and expansion into growth verticals like e-commerce and social gaming will likely accelerate its growth. Also, the increasing addressable market, higher revenues from existing customers, and opportunistic acquisitions are expected to support its financials.

Nuvei expects its total volume and revenue to grow by 30% per annum in the medium term, which is positive. Moreover, the company expects to generate about 50% in adjusted EBITDA in the long run. Overall, its robust business model, ongoing strength in the base business, strategic capital-allocation strategy, and lower stock price make Nuvei a solid long-term investment.

Final thoughts

Both these companies have solid fundamentals and multiple vectors for growth. While tough comparisons and growing scale could lead to a moderation in growth, their multi-disciplinary offerings, strength in the underlying business, and ability to accelerate growth through acquisitions support my bullish outlook. Further, the recent correction in these stocks makes them attractive at current levels.

CATEGORY

1. Investing
2. Tech Stocks

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1. Editor's Choice

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2. TSX:NVEI (Nuvei Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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