3 Top Canadian Tech Stocks Trading at Discounts of Over 40%

Description

Despite the concerns over rising inflation and the impact of the Russia-Ukraine war and subsequent sanctions on global growth, the **S&P/TSX Composite Index** rose 3.14% in the first quarter of this year. However, tech stocks witnessed a substantial selloff amid the expectation of interest rate hikes and normalization of growth after the reopening of the economy. However, I believe the selloff in the following three stocks is overdone, thus providing excellent buying opportunities.

Goodfood Market

Goodfood Market (TSX:FOOD) had witnessed substantial growth during the pandemic amid the rising demand for online delivery of groceries and meal kits. However, the fear of growth slowing down amid the reopening of the economy has dragged the company's stock price down. It currently trades 74.3% lower than its 52-week high.

Meanwhile, I believe the steep pullback offers excellent buying opportunities, given its healthy growth prospects and attractive price-to-sales multiple of 0.6. Despite the easing of pandemic-related restrictions, I expect the demand for online grocery delivery services to sustain. The company is building 20 micro fulfillment centres to strengthen its infrastructure. Its management expects these fulfillment centres to scale its on-demand grocery and meal solutions network.

The expanded product offerings, strengthening of its production capabilities, and geographical expansion augur well with its growth. So, at these discounted levels, I am bullish on Goodfood Market.

Dye & Durham

Second on my list is **Dye & Durham** (TSX:DND), which has lost close to 50% of its stock value compared to its 52-week high. Along with the weakness in tech stocks, investors were worried that the steep increase in the prices of its products and services could lead to a higher churn rate. Amid the pullback, the company is trading at an attractive NTM (next 12-month) price-to-earnings multiple of12.7.

Meanwhile, its improving financials, expanding customer base, growing recurring revenue, and strategic acquisitions augur well for its growth. After acquiring **TELUS's** financial solutions business, the company is working on closing Link Group's deal for $500 million. Supported by these acquisitions, the management expects its adjusted EBITDA to reach $794 million by 2024, representing an annualized growth of close to 90% over the next three years. So, given its healthy growth potential and attractive valuation, I expect Dye & Durham to deliver superior returns in the near to medium term.

Docebo

My final pick is **Docebo** (TSX:DCBO)(NASDAQ:DCBO), which provides corporate e-learning solutions. More organizations are adopting digital tools to upskill their employees, given their convenience and cost effectiveness. So, the company's addressable market is expanding. With its highly configurable platform, the company is well equipped to increase its market share.

Its growing customer base, increasing average revenue per customer, and a higher percentage of recurring revenue could support its growth. Over the last six years, the company has increased its customer base at a CAGR of 20% while increasing its average revenue per customer by four times. It earns around 92% of total revenue from recurring sources, which is encouraging. Despite these healthy growth prospects, the company trades at a 45% discount from its September highs. So, I believe investors should utilize the correction to accumulate the stock to earn higher returns.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:DND (Dye & Durham Limited)
4. TSX:FOOD (Goodfood Market)

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rnanjapla