



Now Is an Opportune Time to Buy These 2 Growth Stocks

Description

The macro headwinds, slowdown in growth, and valuation concerns led to a compression in the valuation of top TSX stocks, primarily tech stocks. While several of these growth stocks witnessed a recovery in the recent past, a few continue to trade at a substantial discount, providing a solid entry point for investors to buy and hold these companies for long-term gains. Here are my top two picks.

Lightspeed

With the massive correction, now is the time to keep **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock on your radar. It has corrected over 68% in six months. Further, it is down about 78% from its peak. Notably, a short report, rising interest rate environment, and inflation worry have wiped out a significant portion of value from Lightspeed stock.

While Lightspeed stock has corrected quite a lot, its fundamental performance remains strong. During the most recent quarter, Lightspeed's organic sales showed solid growth. Meanwhile, it continued to generate higher average revenue per user, which is positive. I am bullish about Lightspeed's prospects and expect it to deliver strong revenue growth in the coming quarters.

The ongoing digital shift, expansion of its products base, customer acquisitions, and entry into high-growth markets provides a solid platform for growth. Further, its growing payments penetrations and opportunistic acquisitions bode well for future growth.

Thanks to the pullback in its price, Lightspeed's next 12-month EV/sales multiple stands at 5.1, which is much lower than its historical average and at a multi-year low.

Overall, its strong fundamentals, secular tailwinds, and low valuation indicate that now is an opportune time to [accumulate Lightspeed stock](#).

Nuvei

Digitization, crypto demand, and the rise of regulated social gaming are keeping me bullish on the payment technology company **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock. Like Lightspeed, a short report and confluence of macro factors dragged Nuvei stock down. However, it has increased by about 48% in one month. Despite the recent recovery, it is still down about 50% from the 52-week high, providing investors an excellent opportunity to buy.

Irrespective of concerns around its growth, Nuvei delivered exceptional financial performance during the last reported quarter. Its volume and revenue increased by 127% and 83%, respectively. Further, organic revenue growth stood at 55%, which is encouraging.

Nuvei's management remains upbeat and expects to deliver strong growth in the coming years. The company projects at least 30% growth in its volumes and revenue in the medium term. Further, it expects to generate an adjusted EBITDA margin of 50% in the long term.

Nuvei's large and growing addressable market, product innovation, ability to attract new customers, higher penetration within existing customers, and opportunistic acquisitions lay a solid foundation for future growth. Meanwhile, its expansion into high-growth verticals and the continued addition of multiple new alternative payment methods augur well for growth.

Nuvei stock is trading at the next 12-month EV/sales multiple of 10.3, which is well below its historical average. Further, it continues to grow rapidly, which makes it [an attractive investment](#) at current price levels.

Bottom line

The growing list of macro and geopolitical headwinds could keep the volatility elevated in Lightspeed and Nuvei stocks. However, these companies have solid fundamentals and multiple catalysts to support growth.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

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