Growth Stocks to Buy: 3 Companies With Attractive PEG Ratios

Description

Growth stocks are some of the best and most important businesses to buy for your portfolio. A high-quality growth stock that offers years of potential can be a major contributor in driving long-term portfolio growth and helping you to compound your money.

However, when you can buy growth stocks trading at an attractive discount, the opportunity they offer is even more significant.

So, if you have some cash you're looking to invest and want to take advantage of high-quality growth stocks trading cheaply, here are three of the best to buy now, all trading with attractive PEG ratios.

A top Canadian tech stock

There's no doubt that tech companies are some of the cheapest growth stocks to buy in the current market environment. And while there are several cheap stocks to consider, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) has one of the most attractive PEG ratios.

The payment solutions company reported normalized earnings per share (EPS) of roughly $1.69 in 2021. So, with the stock trading at roughly $83 a share, it currently has a price-to-earnings (P/E) ratio of roughly 49 times.

However, over the next three years, it's expected to grow its normalized EPS from $1.69 to $3.76. That would be a compounded annual growth rate (CAGR) of 30.55%.

Therefore, although Nuvei has a P/E ratio of roughly 49 times, its PEG ratio of just 1.6 times is considerably cheap for such a high-potential growth stock, making it one of the best to buy now.

In addition, it's not surprising that seven of the eight analysts covering Nuvei have it rated a buy, and its average target price is upwards of $110 — a more than 25% premium to today's price.

A top Canadian retail stock

Another one of the best Canadian growth stocks to buy that's been executing well lately yet is trading undervalued is **Aritzia** (TSX:ATZ), the vertically integrated women's fashion company.

Aritzia's company has been growing impressively, and its profitability has been spectacular. Over the last 12 months, that company has reported $1.20 of diluted EPS. Therefore, at its current price of roughly $47.50, Aritzia trades at a P/E ratio of 39.6 times.

However, that EPS is expected to grow meaningfully to $2.08 by the end of fiscal 2024, just nine quarters from now. That would give Aritzia a 27.7% CAGR in its EPS. So, although a 39.6 times P/E ratio may look expensive today, the stock has a PEG ratio of just 1.43 times.

So, while it's cheap and trading roughly 20% off its 52-week high, it's undoubtedly one of the best growth stocks to buy now.

One of the best and cheapest growth stocks to buy now

Last on the list is **goeasy** (TSX:GSY) — an incredible growth stock trading unbelievably cheap. So, considering the long-term potential goeasy has, and the fact it's trading over 40% off its 52-week high, it's a significant opportunity for investors.

goeasy recently reported its full-year earnings for 2021, and its normalized EPS came in at $10.43. Therefore, with the stock trading around $125 today, it has a P/E ratio of approximately 12 times. Meanwhile, analysts still believe that goeasy will grow its profitability rapidly in the coming years, as it's been doing already.

By 2024, analysts expect goeasy to grow its normalized EPS to $17.15, which would be a CAGR of 18%. Therefore, with goeasy trading ultra-cheap at a P/E ratio of just 12 times, this impressive Canadian growth stock trades at a PEG ratio of just 0.67 times.

When you consider goeasy's quality, its incredible discount today and its massive runway for growth, it's clear that it's one of the best Canadian stocks to buy now.

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3. TSX:GSY (goeasy Ltd.)
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