2 Top Canadian Growth Stocks That You Can Buy Under $10

Description

Growth stocks have the potential to grow their financials at a higher rate than the industry average, thus delivering superior returns. However, these companies are riskier than dividend stocks and trade at higher valuations. So, investors with higher risk-taking abilities can buy growth stocks to reap solid returns. Meanwhile, here are two top growth stocks that you can buy for below $10.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) is a technology-enabled healthcare company that provides practitioners with virtual care and digital patient engagement capabilities. On Monday, the company reported impressive preliminary results for the first quarter. Its revenue came in at a record $120 million amid a 62% year-over-year increase in its omnichannel patient visits.

The company's U.S. business witnessed solid revenue growth of 150%, with the revenue from Circle Medical and Wisp crossing $100 million on an annualized basis. The increase in top line has also boosted WELL Health's adjusted EBITDA, which came in at over $20 million. The company also generated a shareholders' cash flow of about $10 million.

I expect the demand for virtual services to increase amid the rising adoption of telehealthcare services due to their accessibility and convenience. Additionally, the Ontario Medical Association ratified a new agreement, which supported a multi-channel service delivery model, expanding the addressable market for WELL Health. So, the company's growth prospects look optimistic.

Amid the weakness in the tech space, WELL Health has lost over 48.5% of its stock value compared to its 52-week high and trades at an attractive NTM price-to-sales multiple of 1.9. So, given its healthy outlook, improving financials, and attractive valuation, I am bullish on WELL Health. Analysts are also buoyant about the stock. Six of the seven analysts covering the stock have issued a "buy" rating. Their consensus price target represents a return potential of around 130%.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) offers cybersecurity solutions to governments and businesses. It also has substantial exposure to the automotive sector. Last month, the company reported a mixed fourth-quarter performance, with its revenue falling to meet analysts' expectations. The company's management had blamed the shifting of small and price-sensitive customers to lower-priced products of its peers for lower sales.

Meanwhile, the company added that its advanced product offerings continue to resonate with government and large corporations. Meanwhile, to increase its customer base, the company continues to expand its product offerings, with the launch of 48 new products in fiscal 2021. It also added cyber go-to-market professionals and sales representatives to boost its sales.

There has been a substantial increase in the demand for safety-critical foundation solutions over the last few years, expanding the addressable market for BlackBerry. The company had record design wins in the fourth quarter, with 17 in auto and 28 in the general embedded market. It also received several requests to start proof-of-concept for its IVY platform. So, the company's outlook looks healthy.

But, given the weakness in the tech space, the company is trading at a discount of 70% from its 52-week high. The steep correction in its stock price has dragged its NTM price-to-sales down to 4.9. So, considering all these factors, I expect BlackBerry to deliver superior returns over the next three years.

Meanwhile, analysts are favoring a "hold" rating for the stock. Of the nine analysts, five have given a "hold" rating, three have issued a "sell" rating, and one has given a "buy" rating. Their consensus price target represents a 12-month return of above 55%.

CATEGORY

1. Investing
2. Tech Stocks

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