Tech Selloff: 3 Stocks With up to 200% Upside, According to Wall Street

Description

The stock market has not been kind to growth investors in 2022. Most tech stocks that were trading at a steep valuation have seen a massive decline in share prices due to a range of macroeconomic factors.

However, the selloff also allows you to buy quality companies at lower multiples. Let's see why **Shopify** (TSX:SHOP)(NYSE:SHOP), **Docebo** (TSX:DCBO)(NASDAQ:DCBO), and **Upstart** (NASDAQ:UPST) should be part of your shopping list now.

Shopify

One of Canada's largest companies, Shopify stock is down 71% from all-time highs. Investors are worried about Shopify's decelerating revenue growth, falling profit margins, and expensive multiples.

Shopify sales grew by 86% in 2020 and 57% last year to US$4.6 billion. Now analysts expect the e-commerce giant's revenue to increase by 33% to US$6.1 billion in 2022. Further, its net income surged by 1,300% in 2020 and was up 66% last year. Now, analysts expect adjusted earnings to shrink 45% in 2022.

Shopify will be investing heavily to create a robust network of fulfillment centres, which should drive merchant sales higher over time and is now viewed as a threat to online marketplaces such as **Amazon**.

At current prices, SHOP stock is valued at 119 times forward earnings and 10 times forward sales, which is still very expensive. However, analysts remain bullish on Shopify and expect it to more than triple in the next year.

Docebo

Shares of Docebo are down 49% from all-time highs, valuing the growth stock at $2 billion, by market cap

. Docebo offers an AI-powered cloud-based e-learning platform to enterprises and has onboarded big-ticket companies such as Amazon and **Thomson Reuters** as clients.

As the shift towards remote work is expected to gain pace in the upcoming decade, Docebo is well poised to take advantage of this secular tailwind, which will drive demand for its suite of services.

Docebo continues to grow at a stellar pace. In Q4 of 2021, it reported revenue of US$30 million, an increase of 59% year over year. Its subscription sales stood at US$27.5 million, accounting for 92% of total sales and rising 64% compared to the year-ago period.

Docebo's annual recurring revenue or ARR in Q4 rose 59% to US$117.7 million compared to US$74 million in the prior-year period.

Docebo ended 2021 with 2,805 customers, which is an increase from 2,179 customers at the end of 2020. Right now, DCBO stock is trading at a discount of 60% compared to consensus estimates.

Upstart

The final growth stock on my list is Upstart Holdings, which is down 76% from all-time highs. It is another company that leverages artificial intelligence capabilities to power its lending platform, which is used by banking partners.

Upstart's products are used by banks to disburse personal loans to individuals. However, it can easily enter larger addressable markets such as auto loans and mortgages going forward.

Last year, Upstart acquired Prodigy Software to enter the auto loan origination space, which should allow the company to increase sales by 65% to US$1.4 billion in 2022 and by 37% to US$1.91 billion in 2023.

Upstart stock is valued at just 5.6 times forward sales and traded at a price-to-2022 earnings multiple of 41, which is not too shabby for a high-growth company.

UPST stock is trading at a discount of 85% compared to consensus estimates.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NASDAQ:UPST (Upstart Holdings Inc.)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:DCBO (Docebo Inc.)
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