



Market Selloff: 3 Undervalued Growth Stocks to Buy in May!

Description

The last few weeks have been extremely turbulent for investors, as several [tech stocks](#) are trailing much lower compared to all-time highs. While it's impossible to time the market bottom, investors can consider buying quality companies at a lower multiple right now.

Let's take a look at three undervalued [growth stocks](#) you can add to your watchlist this month.

The Lion Electric Company

Valued at \$1.3 billion by market cap, **The Lion Electric Company** ([TSX:LEV](#))(NYSE:LEV) designs, develops, manufactures, and distributes electric-powered medium- and heavy-duty urban vehicles. Its portfolio of products also includes battery systems, bus bodies, truck cabins, and chassis. In addition, it distributes truck and bus parts as well as accessories.

The Lion Electric Company has increased sales from US\$30.86 million in 2019 to US\$57.7 million in 2021. In Q1 of 2022, it reported revenue of US\$22.6 million compared to revenue of US\$6.2 million in the year-ago quarter. Its gross loss narrowed to US\$0.9 million from a loss of US\$1.8 million in this period.

As of May 2022, it has an order book of 2,422 vehicles, which consists of 286 trucks and 2,136 buses representing a total order value of US\$600 million. Analysts expect sales to rise by 237% to \$250.28 million in 2022 and by 200% to \$750 million in 2023. We can see the stock is valued at five times forward sales, which is quite acceptable for a high-growth company.

Trulieve Cannabis

One of the largest marijuana companies in the world, **Trulieve Cannabis** ([CNSX:TRUL](#)) is valued at \$3.36 billion, by market cap. It is the largest medical marijuana player in Florida and has 115 dispensaries in the state, providing it with a stellar presence and the opportunity to benefit from the legalization of recreational cannabis in the future.

In 2021, Trulieve acquired Harvest Health allowing it to gain traction in states such as Maryland, Arizona, and Pennsylvania. Trulieve also [reported revenue](#) of US\$938 million last year, an increase of 80% compared to 2020. Further, its EBITDA stood at US\$385 million compared to US\$260 million in 2020.

Trulieve expects revenue between US\$1.3 billion and US\$1.4 billion with adjusted EBITDA between US\$450 million and US\$500 million in 2022. Trulieve stock is valued at a forward price-to-sales multiple of 2.8, which is very reasonable.

Skechers

The final growth stock on my list is **Skechers** ([NYSE:SKX](#)), which is valued at a market cap of US\$5.68 billion. In Q1 of 2022, its quarterly sales rose by 26.8% to US\$1.82 billion with adjusted earnings per share of US\$0.77, up 22.2% year over year. The company's wholesale revenue soared by 32.7% while direct-to-consumer sales were up 15.7% in the March quarter.

Analysts expect sales to rise by 16.9% to US\$7.35 billion in 2022 and by 10.3% to US\$8.11 billion in 2023. Comparatively, its adjusted earnings are forecast to rise at an annual rate of 72% in the next five years.

Skechers is one of the most undervalued stocks south of the border as it's valued at 0.77 times forward sales and 12.6 times forward sales. It's also trading at a discount of 40% compared to consensus price target estimates.

CATEGORY

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1. NYSE:SKX (Skechers U.S.A., Inc.)
2. OTC:LEVG.Q (Lion Electric)
3. TSX:LEV (Lion Electric)

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