3 Cheap Growth Stocks to Add to Your TFSA

Description

Multiple rate hikes and concerns over their higher valuations have led to a substantial selloff in growth stocks. The correction in some stocks appears to be overdone, proving an excellent entry point for long-term investors. Meanwhile, if you have not maxed out your TFSA (Tax-Free Savings Account) limit, you can add these three high-growth stocks that are trading at a substantial discount from their 52-week highs.

WELL Health Technologies

First on my list is **WELL Health Technologies** (TSX:WELL), which has lost over 54% of its stock value compared to its 52-week high. The steep pullback has dragged the company's NTM price-to-sales multiple down to 1.6, lower than its historical average. Meanwhile, I believe the correction has created an excellent buying opportunity for long-term investors.

Last week, WELL Health had reported a solid first-quarter performance, with its revenue growing by 395% to $126.5 million. Its recent acquisitions and substantial organic growth drove its top line. Overall, the company had more than one million patient interactions in the first quarter. Along with top-line growth, the company's adjusted EBITDA also increased from $0.5 million in the previous year's quarter to $23.5 million. It also posted an adjusted net income of $8.6 million compared to a net loss of $2.4 million in the previous year's quarter.

Supported by its impressive first-quarter performance, WELL Health's management has raised its 2022 revenue guidance to $525 million from earlier guidance of $500 million. The management also hopes to grow its adjusted EBITDA to $100 million while driving its adjusted net income to positive territory. Given its improving financials, solid outlook, and attractive valuation, I expect WELL Health to deliver multi-fold returns over the long run.

goeasy

goeasy (TSX:GSY) is a financial services company that serves sub-prime customers through its easyfinancial, easyhome, LendCare business segments. Amid the recent selloff, the company has corrected 47.2% from its September highs. Its valuation also looks attractive, with its NTM price-to-earnings multiple standing at 9.2.

Given its ability to grow its loan portfolio, the addition of new business verticals, venturing into new markets, and expanding product range, I am optimistic about the stock. The management expects to increase its loan portfolio to $3.6 billion by 2024. The expansion in its loan portfolio could grow its revenue to $1.28 billion while maintaining its operating margin above 35%. Further, the company has also increased its dividends at a healthy rate over the last eight years, which is encouraging. So, I expect goeasy to deliver superior returns in the long run.

Savaria

Third on my list is **Savaria** (TSX:SIS), which designs, manufactures, distributes, and installs accessibility solutions across 40 countries. Last week, the company had reported an impressive first-quarter performance, with its revenue and adjusted net earnings growing by 63.8% and 5.8%. Its adjusted EBITDA increased by 41.2% to $24.4 million. Along with the organic growth of 12%, the company's acquisition of Handicare drove its financials.

With the growing aging population, I expect the demand for accessibility solutions could rise, expanding the addressable market for Savaria. With its wide range of products and solid sales and distribution network, the company is well positioned to expand its market share. So, its outlook looks healthy. However, amid the weakness in the broader equity markets, Savaria has lost 38% of its stock value compared to its 52-week highs. Its NTM price-to-earnings multiple has also declined to 18.2, making it an attractive buy.

CATEGORY

1. Investing

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2. TSX:SIS (Savaria Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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1. Investing

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