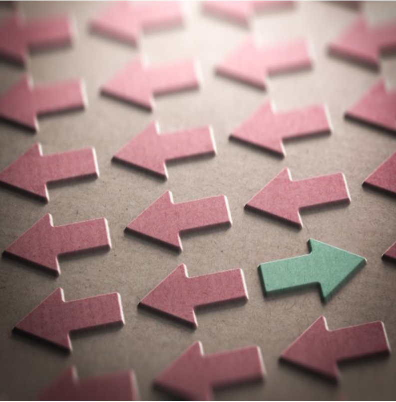

Equity Market Selloff: 3 Growth Stocks You'll Regret Not Buying on the Dip

Description

The tech-heavy Nasdaq Composite index re-entered bear market territory last month. The selloff has been driven by overvalued growth stocks that were trading at a premium. Investors are now worried about a slew of macroeconomic issues ranging from inflation to interest rate hikes. So, it's quite possible for the equity market to trade at a lower multiple by the end of 2022.

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However, as it's impossible to time the market, every major correction should be viewed as a buying opportunity. Here are three quality growth stocks investors should buy on the dip.

Dye & Durham

Valued at a market cap of $1.7 billion, **Dye & Durham** (TSX:DND) is one of the fastest-growing stocks on the TSX. In the fiscal Q3 of 2022 (ended in March), Dye & Durham reported revenue of $123 million, an increase of 78% year over year. The top-line growth was attributed to increased revenue from acquisitions and the realization of revenue synergies. Its adjusted EBITDA also rose by 78% to $66.8 million in Q3.

Analysts tracking the stock expect sales to more than double to $482 million in fiscal 2022 and rise by 27% to $611 million in fiscal 2023. Its profit margins are forecast to improve from a loss of $0.72 per share in 2021 to earnings of $1.42 per share in fiscal 2023.

We can see that DND stock is valued at 2.8 times forward sales and a price-to-earnings multiple of 17.3, which is quite reasonable. Right now, shares of Dye and Durham are trading at a discount of 100% compared to analyst price target estimates.

WELL Health

In Q1 of 2022, WELL Health reported revenue of $126.5 million, an increase of 395% year over year. It indicates WELL Health's annualized revenue run rate is poised to surpass $500 million this year. While revenue was driven by acquisitions, the digital-health company confirmed organic growth stood at 15%

year over year.

Its adjusted EBITDA stood at $23.5 million compared to $0.5 million in the year-ago period. WELL Health also reported a net income of $8.6 million compared to a loss of $2.4 million in Q1 of 2021.

WELL's stellar results in Q1, allowed it to increase 2022 revenue guidance to over $525 million, up from its previous guidance of $500 million. Further, WELL Health also expects adjusted EBITDA to stand at $100 million in 2022 and it expects to report an adjusted net income as well this year.

Upstart

The final stock on my list is fintech company **Upstart** (NASDAQ:UPST). Right now, the decision-making process for lenders and financial institutions is based on limited information. For example, south of the border, the FICO score is calculated using 20 variables, which might lead to inefficiencies.

Comparatively, Upstart claims to leverage artificial intelligence tools and involve thousands of variables to assess the credit score of individuals, which results in higher approval rates and lower fraud or loss rates. Upstart also explained its lending platform can reduce defaults by 75% compared to legacy products available on the market.

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In Q1 of 2022, Upstart reported revenue of US$310 million — an increase of 156% year over year. Its adjusted earnings more than tripled to $0.34 per share. While its revenue growth will decelerate, the company forecast sales to touch US$1.25 billion this year, which is 47% higher compared to 2021.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:UPST (Upstart Holdings Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

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2. Koyfin
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