



## Tech Selloff: 3 Growth Stocks Available at Pre-COVID-19 Prices

### Description

The last six months have been extremely painful for equity market investors, as the triple whammy of rising inflation, interest rate hikes, and a sluggish macro-economy have weighed heavily on [growth stocks](#).

Several growth stocks such as **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)), **Real Matters** ([TSX:REAL](#)), and **Zoom Video** ([NASDAQ:ZM](#)) are now trading at multi-year lows, making them attractive to contrarian investors.

Let's take a look at each of these stocks to analyze if they should be part of your portfolio right now.

### Shopify

Shopify stock is down almost 80% from all-time highs, valuing the company at \$58.6 billion by market cap. While the ongoing pandemic acted as a massive tailwind for Shopify and other companies part of the e-commerce sector, the reopening of economies has resulted in revenue deceleration in recent quarters.

In Q1 of 2022, Shopify increased sales by 22% year over year to US\$1.2 billion, while gross merchandise volume surged 16% to US\$43.2 billion. Its monthly recurring revenue also rose by 15% to US\$105.2 million.

Analysts tracking SHOP stock forecast sales to rise by 28% to \$7.43 billion in 2022. But due to its rising capital expenditures, which will be used to build a comprehensive fulfillment network, Shopify's adjusted earnings are forecast to decline to \$1.51 per share in 2022 from \$8.09 per share in 2021.

SHOP stock is valued at eight times forward sales and 307 times forward earnings, which is still very expensive.

## Real Matters

A company that offers technology and network management solutions to mortgage lending and insurance players in North America, Real Matters is valued at \$378 million by market cap. REAL stock has burnt investor wealth significantly and is trading 86% below all-time highs.

Additionally, the rise in interest rates is set to negatively impact housing demand, which does not bode well for Real Matters. In Q2 of fiscal 2022 (ended in March), it reported revenue of \$95 million and adjusted EBITDA of \$2.5 million. Its sales were down 26% year over year and are forecast to decline by 43% to \$118.4 million in fiscal 2022.

The 30-year fixed-rate mortgage rates experienced their sharpest increase in 27 years, which led to a 23% decline in U.S. appraisal while the company's purchase and refinance sales slumped by 11.5%.

## Zoom Video

Shares of Zoom Video went public at US\$36 per share back in April 2019. ZM stock [rose to a record high](#) of US\$560 in October 2020 and is currently trading at US\$85, valuing the collaboration company at US\$25.7 billion by [market cap](#).

In fiscal 2022, which ended in January, Zoom sales rose 55% to US\$4.1 billion, while adjusted earnings stood grew 52% to US\$5.07 per share. The number of customers accounting for more than US\$100,000 in annual recurring sales increased 66% to 2,725.

Zoom sales are now estimated to rise by 10% to US\$4.6 billion while earnings might decline by 30% to US\$3.53 per share in fiscal 2022. So, ZM stock is valued at 5.6 times forward sales and 21.6 times forward earnings, which is quite reasonable.

Zoom accounts for 50% of the video conferencing market, which is forecast to grow by 16% annually through 2028, providing Zoom with the opportunity to expand revenue going forward.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:ZM (Zoom Video Communications)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:REAL (Real Matters Inc.)
4. TSX:SHOP (Shopify Inc.)

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