



Is Now the Time to Buy Shopify (TSX:SHOP) and 1 More Beaten-Down Stock?

Description

Investors have turned their backs on technology and other high-growth stocks amid high inflation and rising interest rates. Moreover, the ongoing supply-chain headwinds continue to pose challenges. It's worth mentioning that the recent selling in the tech stocks has wiped out billions from the market caps of these companies.

For instance, shares of the e-commerce platform provider **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) have cracked nearly 79% from the peak. This is a considerable decline, especially for a company like Shopify, which has been consistently growing its market share and bringing in more merchants on its platform.

Along with Shopify, several other tech stocks have lost substantial value. Shares of digital healthcare company **WELL Health** ([TSX:WELL](#)) are down about 58% from the 52-week high. This comes despite its back-to-back solid financial performances.

With the significant correction in the prices, now is an opportune time for [investing in tech stocks](#) that are fundamentally strong. As for Shopify and WELL Health, I am bullish on these stocks. Let's look at the reasons which support my stance.

Growth to reaccelerate for Shopify

The primary factor for selling in Shopify stock has been the slowdown in its growth rate. The company is up against the tough year-over-year competition in the first half. Meanwhile, the reopening of retail locations is taking a toll on its growth rate.

Nevertheless, Shopify's robust product offerings, focus on new commercial initiatives, and aggressive investments in its e-commerce infrastructure provide a solid base for growth. Furthermore, the growing penetration of its payments offerings and strength in the subscription solutions revenue augur well for growth.

Shopify is also strengthening its fulfillment network through investments and acquisitions, which should

drive more merchants to its platform and support its growth. Moreover, its expansion into new geographies and focus on growing social commerce channels are positives.

Shopify is poised to gain from the accelerated shift toward digital commerce. Meanwhile, its growth will likely accelerate as comparisons ease and benefits from its investments start to show up. Shopify's EV/sales multiple of 6.5 is at a multi-year low and represents a good entry point for long-term investors.

Strength in the patient visits supports upside in WELL stock

WELL Health has consistently delivered stellar financial performances for the past several quarters. Despite the growth, the negative investors' sentiment took a toll on its stock price. Nevertheless, WELL Health's outlook remains solid, and the company is likely to deliver solid financials in the coming quarters on the back of higher omnichannel patient visits.

The ongoing momentum in its organic sales and benefits from acquisitions could continue to support its growth and drive its profitability.

Its management expects the momentum in its business to sustain, despite tough comparisons and raised the full-year sales outlook. Further, WELL Health has consistently delivered positive adjusted EBITDA for the past several quarters and expects to end 2022 by turning profitable.

Overall, its strong omnichannel patient visits, opportunistic acquisitions, strength in the U.S. market, and extensive network of outpatient medical clinics should support its growth. Thanks to the pullback, WELL Health stock is trading at an EV/sales multiple of 2.3, which represents a solid discount and provides an opportunity for buying.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:SHOP (Shopify Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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