2 Cheap Tech Stocks to Buy After Their Impressive Earnings

Description

With inflation rising to multi-decade highs, the Federal Reserve of the United States has hiked interest rates. The federal agency could also increase interest rates further in the coming months. Higher interest rates could raise borrowing costs, thus hurting the margins of growth stocks, which require higher capital to fund their growth initiatives. Along with these concerns, the expectation of growth moderation and higher valuation has led to a selloff in growth stocks, which are trading at a substantial discount from their recent highs.

Meanwhile, I believe the correction in the following two tech stocks is overdone, proving excellent buying opportunities for long-term investors.

Nuvei

Nuvei (TSX:NVEI)(NASDAQ:NVEI) had reported a solid first-quarter performance earlier this month, with its top line growing by 43% to $214.5 million. The growth across all its four geographical segments drove its revenue. During the quarter, the company added new alternative payment methods to increase its count to over 550. It also expanded its digital payment and cryptocurrency solutions in North America while growing its customer base with the addition of new customers.

Along with top-line growth, the company's adjusted net income grew by 35% to $69.1 million. It also generated a free cash flow of $82.5 million, representing year-over-year growth of 36%. It also closed the quarter with $735.0 million of cash. So, its liquidity position looks healthy.

The rising popularity of digital payments is expanding the addressable market for Nuvei. The expansion of the online gaming and sports betting market due to legalization and growth in crypto transactions could boost its financials in the coming years. Given the favourable market conditions, Nuvei's management expects its revenue to grow by 30% in the medium term, while its adjusted EBITDA margin could reach 50% in the long run.

However, amid the recent selloff, Nuvei is trading at over a 68% discount from its September highs. Also, the correction has dragged its NTM price-to-sales multiple down to 6.2, making it an attractive buy.

WELL Health Technologies

WELL Health Technologies (TSX:WELL), which leverages technology to empower health practitioners to serve their patients better, reported a solid first-quarter performance earlier this week. Its revenue grew by 395% to $126.5 million, driven by acquisitions and organic growth.

During the quarter, its omnichannel patient visits increased by 62% to 772,093. Its combined patient visits, including that of MyHealth and Wisp, stood at 1,064,987 patients, representing an annualized run rate of 4.26 million. The revenue contribution from acquiring higher-margin CRH and MyHealth expanded its gross margins from 39.4% to 54.8%. Its adjusted EBITDA also increased from $0.5 million to $23.5 million. The company also posted an adjusted profit of $8.6 million compared to a net loss of $2.4 million in the previous year's quarter.

With the increased adoption of telehealthcare services, I expect WELL Health's financials to grow in the coming quarters. It has also ramped up its acquisition strategy and has signed multiple letters of intent. Given its growth initiatives, WELL Health's management raised its 2022 revenue guidance from $500 million to $525 million. The management also expects its adjusted EBITDA to come around $100 million this year, with its net income to be in the positive territory.

Despite its healthy growth potential, the company trades at a discount of around 62% from its 52-week high. So, I believe long-term investors can accumulate the stock to earn superior returns.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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