



3 Tech Stocks Trading for a Significant Discount

Description

The pandemic led to rapid digitization, which supported the uptrend in Canadian [tech stocks](#). However, the normalization in growth rate, high inflation, rising interest rate environment, and fear of an economic slowdown weighed on tech stocks and eroded a significant value.

Given the sharp selling over the past several months, most tech stocks are trading at a significant discount from their highs and look attractive long-term investments at current levels. Let's look at a few fundamentally strong tech stocks that have fallen by at least 60%.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has crashed over 81% from its 52-week high. Moreover, it has decreased by more than 76% on a year-to-date basis. The deceleration in growth and adverse macro environment led investors to turn their back on Shopify stock.

Notably, Shopify is up against tough comparisons in the first half of the year, implying that its growth could remain soft in the second quarter as well. However, Shopify expects its growth to reaccelerate in the second half, which should bring some respite.

Further, its investments in sales and marketing, strengthening of the fulfillment network, product expansion into new geographies, and growing adoption of payments offerings augur well for growth. Moreover, focus on social commerce, and the acquisition of new merchants should support its growth.

Shopify stock is trading at an EV/sales multiple of 5.5, which is at a five-year low and offers a solid entry point.

Lightspeed

Lightspeed ([TSX:LSPD](#))([NYSE:LSPD](#)) is another stock that has lost over 80% of its value amid the recent selling the high-growth stocks. To be precise, Lightspeed stock has fallen over 83% from its 52-

week high. A short report, expected slowdown in growth, and negative investors' sentiments weighed on its share price.

Despite all the concerns, Lightspeed continues to impress with its organic sales growth. For context, its organic subscription and transaction-based revenue growth came in at 74% and 48% in Q3 and Q4, respectively. Moreover, the company reiterated its organic revenue growth target of 35-40% annually, which is positive.

Besides the strength in Lightspeed's organic sales, its ability to accelerate growth through accretive acquisitions should support its financials. Overall, its growing customer base, new product launches, international expansion, higher average revenue per user, and strategic acquisitions provide a multi-year growth opportunity for the company.

Thanks to the selloff, Lightspeed stock trades at an EV/sales multiple of 3.1, much lower than its historical average. With solid growth prospects and low valuation, Lightspeed emerges as an attractive long-term bet.

Nuvei

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock fell about 68% from its peak. Like Lightspeed, a short report from Spruce Point and general market selling dragged Nuvei stocks down. Nevertheless, this payment technology company remains upbeat and expects the ongoing momentum in its business to sustain.

Its management reiterated its medium-term volume and revenue growth target of over 30%. I believe that the 30% volume and revenue growth target is easily achievable for Nuvei due to the secular industry trends and growing penetration of e-commerce.

Its focus on increasing the new alternative payment methods, expansion into new geographic markets, entry into fast-growing segments, and land-and-expand strategy bode well for Nuvei and its shareholders. The stock has corrected quite a lot and offers a good buying opportunity.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:NVEI (Nuvei Corporation)
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