Top 3 Cheap Growth Stocks for 2022

Description

Growth stocks were unbelievably expensive for much of the past two years. Investors overallocated to these companies as interest rates fell to 0%. Now, the game has changed and these stocks are finally dropping.

Here are the top three growth stocks that are cheap based on fundamentals.

Cheap growth stock #1

WELL Health Technologies (TSX:WELL) was the darling of tech investors when the pandemic erupted. However, a correction in growth stocks coupled with the struggles of its American rival have pushed the stock lower this year.

WELL Health stock is currently trading 23% below January levels and 55% below its all-time high set last year. However, the underlying business is as strong as ever. Revenue surged 395% in the first quarter of this year. The company also raised its annual guidance from $500 million to $525 million in sales.

Based on that forecast, the stock is currently trading at a price-to-sales ratio of 1.6. Management has approved a normal course issuer bid to acquire and dispose of 2.5% of the company's outstanding shares. That's a clear signal that the stock is cheap and deserves more attention.

Cheap growth stock #2

goeasy (TSX:GSY) is a tricky stock in this market. On one hand, the company is exposed to subprime borrowers who might have a tough road ahead as interest rates rise. On the other hand, the company has a robust track record and is relatively cheap.

goeasy stock is down 35% year to date and 45% from all-time highs. However, the company has compounded earnings at an annual rate of 29% and a dividend at a rate of 23% over the past decade.

It's a growth stock with a proven track record and decent outlook.

The stock trades at just 12 times earnings per share and offers a 3.2% dividend yield. Investors with an appetite for risk could add this to their high-growth watch list.

Cheap growth stock #3

TFI International (TSX:TFII)(NYSE:TFII) is an interesting and underrated growth stock. The company manages one of the largest fleets of trucks across North America. This segment of the logistics industry faces a lack of supply as truckers retire and a surge in demand as the economy rebounds. Demand for trucking is a key reason for the supply chain crunch we're facing right now.

In other words, TFI is experiencing a growth spurt as the global economy recovers.

In the last quarter of 2021, the company reported 6% growth in Package and Courier, 22% in Truckload services, 509% surge in goods "Less-Than-Truckload," and 35% for Logistics. In other words, it had strong growth across all its business segments.

This steady pace of growth isn't reflected in the stock price. TFI stock trades at a P/E ratio of just 10.2. It's an ideal target for investors seeking a low-risk growth opportunity.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TFII (TFI International)
2. TSX:GSY (goeasy Ltd.)
3. TSX:TFII (TFI International)
4. TSX:WELL (WELL Health Technologies Corp.)

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Date
2025/08/17
Date Created
2022/05/31
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