2 Growth Stocks Canadians Can Buy Amid the Market Selloff

Description

Canadian stock markets outperformed the majority of benchmark indexes so far this year, thanks to their significant holdings in the energy sector. The **S&P/TSX Composite Index** is down 7.59% year to date compared to the U.S.-based **S&P 500 Index's** 20.48% decline over this period.

However, the TSX index gained 63.05 points after the recent Fed hike, as investors reacted positively to the rising interest rates. Anish Chopra, managing director and portfolio manager at Portfolio Management Corporation, said, "That's the message to investors — the Fed is willing to act to control inflation."

As economies take action to address and mitigate the macroeconomic challenges, equity markets are poised to make a stellar rebound. Betting on growth stocks with solid financials and leading market share could allow investors to reap substantial returns soon.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) offers an enterprise-facing cloud-based learning management system (LMS) platform. The company's LMS has gained immense popularity amid the ongoing pandemic, as it allows companies to train their workforce digitally. Docebo's revenues have increased at an annual rate of a 57% over the past three years.

Docebo is one of America's fastest-growing companies in 2022, according to the *Financial Times*. Also, the company is among the top Canadian technology companies trading on the Toronto Stock Exchange.

Apart from the *Financial Times*, Europe's prominent player in the human resource space, Fosway Group, recognized Docebo as a core leader on the 2022 Fosway 9-Grid for learning systems.

While Canada eased the majority of the COVID-19-related restrictions over the past year, the continued remote lifestyle and rapid tech integration have allowed Docebo to grow substantially. Over the trailing 12 months, the company's revenues have risen 61% year over year. Its EBITDA more than doubled on a year-over-year basis, while trailing-12-month capital expenditure increased 17.3% year over year.

Analysts expect DCBO to maintain this growth trajectory in the upcoming years. In fact, the company's annual revenue is expected to rise 41.7% year over year in fiscal 2022, while EPS is slated to increase by 43.7% year over year in the current year.

In addition, analysts expect Docebo's revenues to rise 35.6% to US$200.21 million in fiscal 2023. Shares of DCBO are expected to gain 92% over the next 12 months, given consensus price target estimates of $68.29.

Dye & Durham

Cloud-based software and technology company **Dye & Durham** (TSX:DND) primarily services legal firms across Canada, the U.K., Australia, and Ireland. With 77% of Canadian legal professionals stating that the industry is long overdue for a digital transformation, DND is expected to deliver robust growth in the years to come.

While the company's last two acquisitions have come under fire from regulatory authorities in the U.K. and Australia, its blue-chip customer base, including law firms, financial service institutions, and government organizations, should drive its growth in 2022 and beyond.

DND's revenues and adjusted EBITDA rose 78% year over year to $122.9 million and $66.8 million in the first three months of 2022. Despite the challenging macro-economic conditions, DND's impressive growth can be attributed to the realization of revenue synergies from prior acquisitions.

This growth trajectory is expected to continue, as analysts expect DND's annual revenues to increase 130.7% in the current year and 26.7% in 2023. The company's bottom line is expected to improve 145.8% year over year in fiscal 2022 and 315.2% in fiscal 2023.

DND shares are expected to rebound in the upcoming months as well, after plummeting 54.66% year to date. The consensus price target of $46.67 indicates an upside potential of 110.7%.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:DND (Dye & Durham Limited)

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