After the Recent Fall, it's Time to Turn Bullish on 2 TSX Growth Stocks

Description

The first half of 2022 was nothing short of disastrous for equity investors. The kind of lows top growth stocks have touched seemed unreal a year ago. However, with this massive fall, there are plenty of opportunities for long-term investors in the market. Moreover, the significant erosion in value indicates that negatives are priced in.

However, investors should note that despite the significant price drop, growth stocks could stay volatile in the short term due to the rising interest rates and uncertain economic trajectory. Against this theme, let's zero in on two TSX stocks that investors should start accumulating or keep holding for the long term.

A cloud-based learning platform provider

Docebo (TSX:DCBO)(NASDAQ:DCBO) offers a cloud-based learning platform. Its stock has touched a 52-week low of $32.35. Docebo stock has recovered slightly from the recent lows and still trading at over 66% discount from its 52-week high. While Docebo stock has lost substantial value, the strength in its business sustains. Moreover, it continues to grow its organic revenues at a solid pace, which is why investors should consider adding it at the current levels.

Docebo stock has strong growth potential and could deliver outsized returns over the next decade. With growing scale, its growth could soften a bit. However, the strong demand for its offerings, growing geographic footprint, solid annual recurring revenues, increase in customer base, and high retention rate indicates that Docebo is well positioned to deliver solid financials and returns.

What stands out is the growing penetration of multi-year customer contracts, which adds visibility over future cash flows. More, the average customer contract value for Docebo has grown steadily, which is positive. Also, Docebo's opportunistic acquisitions will likely accelerate its growth by supporting new product development and strengthening its competitive positioning.

Overall, Docebo is a solid growth stock with strong upside potential.

The internet commerce giant

As technology stocks are the ones that have corrected the most, my next pick is also from the tech space. It is the internet commerce giant **Shopify** (TSX:SHOP)(NYSE:SHOP). It crafted a low of $386.29 and is currently trading at a 79% discount from the 52-week high. I believe the selling in Shopify stock is overdone, especially as the company's fundamentals remain strong, and it continues to gain market share.

Tough comparisons, the slowdown in growth amid economic reopening, and concerns over consumer spending could keep Shopify stock range bound in the short term. However, Shopify has ample growth catalysts that point to a steep recovery in its price.

Shopify minted money for its shareholders in the past and could continue doing it in the long term on the back of increased e-commerce penetration. Shopify's ability to acquire new merchants, cross-selling and up-selling opportunities and expansion of sales and marketing channels bode well for growth.

Its aggressive investments, large addressable market, expansion of existing products in new geographies, and new product launches will accelerate its growth. Moreover, its focus on strengthening its fulfillment services and the rising adoption of payment offerings will support its growth.

Shopify stock is trading cheap, providing investors an excellent opportunity to buy the shares of this high-growth company.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:SHOP (Shopify Inc.)

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snahata