2 Ultimate Growth Stocks to Buy Below $50

Description

Growth stocks have lost their appeal in 2022. High inflation, cost headwinds, supply challenges, and fear of an economic slowdown have led investors to dump high-growth stocks.

Due to the selling, several top-quality growth stocks are now trading at a 60-80% discount from their 52-week highs.

While growth stocks have lost value, this has created an opportunity for investors to buy and hold a few high-quality names at significantly lower levels and gain from the recovery in the price. **Lightspeed** (TSX:LSPD)(NYSE:LSPD) and **Docebo** (TSX:DCBO)(NASDAQ:DCBO) are among the popular high-growth TSX stocks that have fallen quite a lot and are trading well below $50.

Let's look at why these under-$50 stocks could be long-term winners.

Lightspeed

Despite the recent recovery, Lightspeed stock is still down about 80% from its 52-week high. While Lightspeed stock is trading cheap, it continues to deliver robust organic sales growth and is poised to gain from digital shift and higher economic activities in the long term.

The demand for Lightspeed's products remains strong, as retailers and restaurant owners continue to invest in technology to offer omnichannel services.

Lightspeed's management is confident of achieving solid organic growth and projects a 35-40% increase in its organic sales in FY23. The company is acquiring high-value customers with solid unit economics, which is positive. Moreover, the adoption of its multiple modules by exiting customers, growing payments penetration, increase in customer base, and expansion in new geographies will likely drive its average revenue per user and overall sales.

Moreover, its strategic acquisitions expand its addressable market and accelerate its growth by accelerating product development, adding new customers, strengthening its competitive position, and helping it expand into new markets and verticals.

Lightspeed's solid fundamentals, multiple growth catalysts, and low stock price make it a solid long-term investment.

Docebo

Down about 64% from its 52-week high, Docebo stock is one of the top tech stocks that should be a part of your long-term portfolio. Despite the weakness in its stock price, the strength in Docebo's business sustains reflected through its solid annual recurring revenue (ARR), customer growth, and higher contract value.

Docebo announced that its ARR increased by 55% during the last reported quarter. Moreover, most of its ARR came from customers with multi-year contracts. This bodes well for future organic sales growth and adds visibility over future cash flows.

It's worth mentioning that Docebo's average contract size has continued to expand and is about four times higher than 2016 levels. Higher contract value, multi-year agreements, and a high retention rate provide a solid base for growth.

Docebo's growing enterprise customer base, land-and-expand strategy, strategic alliances, new product offerings, and opportunistic acquisitions could support its growth and lead to a recovery in its stock price. Moreover, geographic expansion and a large addressable market could accelerate its growth.

Bottom line

These under-$50 growth stocks have multiple growth catalysts that point to a steep recovery. However, the current macro concerns could keep them volatile in the short term.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DCBO (Docebo Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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Date
2025/08/22
Date Created
2022/07/02
Author
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