



3 Growth Stocks Trading at a Massive Discount Right Now

Description

The extended market correction and hawkish monetary policies have caused growth stocks to plunge since the beginning of the year. Given the volatile market backdrop, investors have been exiting relatively risky growth stocks and replacing them with safer value bets. However, with solid consumer spending in a recovering economy, growth stocks are poised to gain momentum once again.

While most of the global benchmark indexes are in the bear market territory, the **S&P/TSX 60 Index** has fared relatively well, given its significant exposure to commodity markets. As the potential recessionary risks keep the markets under pressure, robust growth stocks with immense potential are currently trading at massive discounts right now.

Let's take a look at three such growth stocks that can help you derive outsized gains in the next 12 months.

Alimentation Couche-Tard

Alimentation Couche-Tard ([TSX:ATD](#)) is one of the largest convenience store chains in Canada, with 2,083 stores across the country. Moreover, the company operates roughly 14,000 stores globally.

ATD acquired company-operated stores in the fiscal fourth quarter of 2022, which ended in April, continuing to drive sales higher. Also, in line with business restructuring plans, the company sold sites to certain buyers across the United States and Canada.

ATD's share price has grown at a 23.3% CAGR over the past 22 years. The company currently plans to repurchase more than 79 million class A shares, or 10% of the public float, for approximately \$4.6 billion.

In the last reported quarter, ATD's net income increased by 25% year over year. Despite impressive growth prospects, ATD is currently trading at a discount to its peers amid the extended market correction. The stock has an EV/EBITDA ratio of 11.83, indicating a fair valuation.

In addition, ATD is currently trading 20.22 times its trailing-12-month earnings, making it a top buy right now.

Shopify

With a \$39.62 billion [market cap](#), Ottawa-based **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is among the fastest-growing e-commerce companies in the world. SHOP stock recently went through a 10-for-1 stock split in April, bringing down share prices and improving trading volumes significantly.

In addition, Shopify expanded its operations through the acquisition of logistics company Deliverr, which should allow it to mitigate the global supply chain disruption-related risks.

In the last three years, Shopify's sales have risen by almost 60% annually while its total assets have expanded by 65.3% in the last three years. Comparatively, its levered free cash flow has almost tripled annually in this period.

Shopify stock is trading at 6.8 times forward sales and is trading at a discount of more than 50% compared to consensus price target estimates.

WSP Global

WSP Global ([TSX:WSP](#)) is a professional consultancy firm for urban construction projects. The company operates internationally, though the majority of its clients are based in the United States, Canada, Sweden, Australia, and the United Kingdom.

WSP's revenues have risen consistently over the past five years at a 10.76% compound annual growth rate (CAGR). Over the past 10 years, the company's revenues have risen at a CAGR of 32.23%. Its net income and earnings have risen by more than 20% per annum over the past 10 years.

Nonetheless, the growth stock is trading at a steep discount right now. It is currently trading 1.9 times its forward sales, significantly lower than the industry average of 1.19. Analysts expect WSP's stock price to hit \$183.56 in the next 12 months, reflecting a 28.62% potential upside from the current levels.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:WSP (WSP Global)

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