2 TSX Growth Stocks With Solid Businesses Worth Buying on the Dip

Description

The correction in the stock market is a boon for investors with long-term goals. The significant pullback in the prices of most TSX stocks brings opportunities for investors looking to buy shares at a significantly discounted price. However, the weak macro environment and its impact on sectors and companies make it tough to select the right stock.

Unarguably, the next few months will likely remain challenging and could limit the upside in stocks. However, long-term investors shouldn't care much and use this dip to buy shares of the companies with solid businesses. Among several top TSX stocks, here are my top two recommendations.

Cargojet

The dip in Canada's largest air cargo company **Cargojet** (TSX:CJT) is worth buying on the dip. It has compounded its shareholders' wealth and significantly outperformed the broader markets over the past several years.

With a slowdown in e-commerce demand, Cargojet stock has reversed some of its gains. Given the recent decline, Cargojet stock is trading at a forward price/earnings multiple of 21.1, which is at a multi-year low. Further, its next 12-month EV/EBITDA multiple compares favourably with the historical average.

While Cargojet's valuation has trended lower in 2022, its long-term prospects remain solid. Its ability to retain top customers, long-term contractual arrangements with minimum revenue guarantee, ability to pass costs to its customers, and fuel-efficient fleet support its financials.

Meanwhile, its solid domestic network, next-day delivery capabilities, and international growth opportunities are positives. It's worth mentioning that the reacceleration in e-commerce demand and Cargojet's fast delivery capabilities could give a significant boost to its financials and drive its stock price higher.

Shopify

Now is an opportune time to buy tech stocks in bulk. The reason is the sharp correction in prices of several top tech companies. Among the tech stocks, I recommend buying the dip in **Shopify** (TSX:SHOP)(NYSE:SHOP). It has lost about 77% of its value in 2022 due to the slowdown in e-commerce demand amid economic reopening and tough year-over-year comparisons.

While e-commerce growth has slowed, it is gaining share in the overall retail sales, which provides a multi-year growth platform for Shopify. Moreover, the structural shift in selling models towards omnichannel platforms is a positive.

Shopify is investing heavily in growth initiatives, including POS and fulfillment, to fortify its competitive positioning and capitalize on the shift towards digital. Further, its focus on expanding its products into new geographical markets, cross-selling and upselling opportunities, the addition of more features and merchant solutions, growing penetration of its payments solutions, and partnerships with top social media companies bode well for growth.

Also, its focus on accelerating product development and strengthening fulfillment services through acquisitions bode well for growth. Notably, Shopify faces easier comparisons in the coming quarters, which should bring some respite. Moreover, its growth initiatives are gaining traction and would benefit its 2H financials.

Overall, its low valuation, multiple growth catalysts, growing scale, and large addressable market make Shopify a solid long-term stock.

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Date
2025/07/21
Date Created
2022/07/05
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