



Parabolic Returns in 2022 Are Possible From 3 Growth Stocks

Description

Rising interest rates affect businesses — more so for growth-oriented companies. Technology is the hardest-hit sector in an inflationary period, as tech companies rely on borrowing to pursue growth initiatives. However, there are exceptions. Some companies — not only in tech but in other sectors — are doing well amid inflationary pressures.

Sierra Wireless ([TSX:SW](#))([NASDAQ:SWIR](#)), **Bellus Health** ([TSX:BLU](#))([NASDAQ:BLU](#)), and **Exchange Income** ([TSX:EIF](#)) have survived the [market selloff](#). All three stocks should be on the buy lists of growth investors.

Technology

Sierra Wireless (\$30.15 per share) outperforms the broader market year to date at +35.2% versus -11.13%. Also, the tech stock has done well in 3.01 years, as evidenced by the 90.22% (23.83% CAGR). The \$1.15 billion company provides device-to-cloud Internet of Things (IoT) solutions globally.

In Q1 2022, revenue grew 61% to US\$173 million versus Q1 2021. Phil Brace, Sierra's president and CEO, said, "We delivered strong sequential and year-over-year growth in the first quarter. We continue to work closely with our suppliers to secure components to meet the strong demand from our customers."

The US\$13.9 million net loss from operations for the quarter was a 51% improvement from US\$28.5 million net loss in the same quarter last year. Sierra's adjusted earnings from operations reached US\$8.6 million compared to the US\$9.6 million net loss from a year ago.

For Q2 2022, management expects revenue between US\$160 million and US\$175 million. Because of the continued strong demand and the investment in inventory to combat the industry-wide supply tightness, the projection is achievable.

Healthcare

As of July 1, 2022, healthcare is worst-performing sector with its nearly 50% year-to-date loss. However, Bellus Health continues to fly high. At \$11.85 per share, the trailing one-year price return is 207.79%, while the year-to-date gain is 16.52%. The 12-month average price target of market analysts is \$15.52 (+30.9%).

The \$1.26 billion clinical-stage biopharmaceutical company develops novel therapeutics for the treatment of RCC and other cough hypersensitivity indications. Its lead product candidate and potential growth driver is BLU-5937. The Phase 2b trial was a success and the Phase 3 program will commence in the second half of 2022.

Roberto Bellini, president and CEO of BELLUS Health, envisions BLU-5937 to be the best-in-class treatment for refractory chronic cough (RCC). He said, "The need for chronic cough treatments remains high and we are determined to fill this gap in care with a differentiated treatment option for the patients affected."

Industrial

Exchange Income isn't a high flyer, although market analysts covering the industrial stock recommends a buy rating and forecast a 38.8% appreciation from its current share price of \$42.14 (+2.76% year to date). The overall return in 12 months should be higher if you include the hefty 5.70% dividend.

The \$1.66 billion company reported record revenue (\$400.22 million) in Q1 2022, which represents a 33% increase from Q1 2021. Exchange Income boasts diversified operations and is acquisition oriented. It generates steady cash flow from niche markets in the aerospace & aviation services and equipment, and manufacturing sectors.

Parabolic returns

Thus far in 2022, Sierra Wireless, Bellus Health, and Exchange Income have not disappointed investors. Barring any massive disruptions in their continuing growth efforts, the potential returns in one year could be parabolic.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:BLU (Bellus Health)
2. NASDAQ:SWIR (Sierra Wireless)
3. TSX:BLU (Bellus Health)
4. TSX:EIF (Exchange Income Corporation)
5. TSX:SW (Sierra Wireless)

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