2 Canadian Growth Stocks That Are Still Expected to Increase Earnings 20% Next Year

Description

Surging inflation and the worries of a recession have hammered stock valuations this year, with Canadian growth stocks seeing some of the most significant selloffs on the **TSX** so far in 2022.

Not only have the valuations for almost every stock fallen this year, but the future earnings potential for many companies is also coming under pressure, as the potential for a recession next year continues to grow.

Despite these economic headwinds, there are still plenty of high-quality companies, stocks that have sold off significantly in the correction, that still have the potential to grow sales and earnings next year. In fact, the two stocks on the list are expected by analysts to grow their earnings significantly in 2023.

Therefore, if you're looking for high-quality stocks to buy, especially while they're undervalued, here are two of the best Canadian growth stocks to buy now.

One of the best Canadian growth stocks to buy while it's undervalued

One stock that hasn't gotten much love lately yet has continued to perform effectively from an operational standpoint is **WELL Health Technologies** (TSX:WELL).

WELL has built an impressive portfolio of physical healthcare clinics, telehealth apps and other digital healthcare businesses in recent years. And while it predominantly grew by acquisition to start, WELL did an excellent job of acquiring high-quality companies each with its own organic growth potential.

And because healthcare is a defensive industry, many of WELL's portfolio companies face fewer headwinds trying to grow operations in the coming years.

This is leading to analysts expecting attractive growth from WELL and making it one of the best

Canadian stocks to buy now.

After doing just $302 million in sales last year, analysts expect that to jump to roughly $525 million this year, with the stock recording $0.20 of earnings per share (EPS). In addition, analysts expect sales to grow another 10% in 2023, with WELL growing its EPS to $0.26, an increase of over 31%.

Despite this expected growth and the fact that WELL has an average target price from analysts, that's more than 200% higher than where it trades today, the stock has sold off consistently all year. In fact, right now, WELL is trading more than 66% off its all-time high of $9.34.

Therefore, while this high-potential and high-quality company trades undervalued, it's certainly one of the best Canadian growth stocks to buy now.

One of the best long-term stocks to buy now

It should be no surprise to investors that despite market conditions, a stock like **Cineplex** (TSX:CGX) is expected to see some of the most significant growth in its earnings out of all Canadian stocks over the next year.

Cineplex is one of the few stocks that was impacted severely by the pandemic. For over a year, Cineplex struggled as the film industry had tons of uncertainty, and each province had strict rules and restrictions on indoor gatherings.

Now that these restrictions have been lifted, though, Cineplex has the opportunity to rapidly recover, especially with all the pent-up demand from consumers.

In fact, after 2021 was impacted by the pandemic, analysts expect its revenue to jump by more than 120% to roughly $1.46 billion this year. Meanwhile, this year it's also expected to report positive EPS for the first time since 2019, with analysts calling for Cineplex to earn $0.34 per share.

And next year, sales are expected to grow another 10%, but with business operations normalizing for Cineplex, analysts expect it can grow its EPS to $1.10 next year, which would be a massive, more than 200% increase from what it's expected to earn this year.

Therefore, while Cineplex stock continues to trade dirt cheap and offers tons of growth potential, it's one of the best Canadian stocks to buy now.

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2. TSX:WELL (WELL Health Technologies Corp.)

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