



5 Incredibly Undervalued TSX Growth Stocks to Buy Right Now

Description

After the **TSX Index** hit bear market territory last month, there are plenty of bargain stocks to be found. Here are five growth stocks that look incredibly [undervalued](#) right now.

A volatile but undervalued growth stock

It isn't often you find a stock growing by 30% a year trading for only 16 times forward earnings and 11 times EBITDA. However, that is the case with **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)). Last quarter alone, it grew payment volumes, revenues, and adjusted EBITDA year over year by 42%, 43%, and 40%, respectively.

It generated over \$82 million of cash on \$214 million of revenues. That is a very attractive 38% free cash flow margin on revenues!

Despite economic worries, the company continues to target 30% growth in 2022 and beyond. Nuvei stock is down 43%. It has been a very volatile stock, so buy it with the understanding that it could swing drastically up or down one day to the next.

An undervalued discretionary stock

Another very cheap TSX growth stock is **BRP** ([TSX:DOO](#))([NASDAQ:DOOO](#)). After a 26% pullback in 2022, it trades for only 6.8 times 2022 earnings and 10 times expected free cash flow. For a stock that has delivered a 16.5% compounded annual rate of return, that seems like an unfair discount.

BRP is one of the largest manufacturers and distributors of power sport vehicles. It has leading brands like Sea-Doo, Ski-Doo, Can-Am, and Manitou. On fears of a recession, the market is weighing a drop in sales and earnings.

While that could occur, the company has a robust sales backlog and an increasingly diverse product line-up. It is better equipped to fare through a recession than ever before. Consequently, the dip may

be a great long-term buying opportunity.

A cheap TSX stock with a strong long-term track record

One of the best-performing TSX stocks in the past 10 years is **Cargojet** ([TSX:CJT](#)). It is up over 2,000% since 2012! It has become the leading provider of overnight express air cargo delivery in Canada.

E-commerce has been a major boon for its business. With e-commerce demand normalizing since the pandemic, the market is heavily discounting this stock.

With an enterprise value-to-EBITDA ratio of eight, this TSX stock is the cheapest it has been since 2017. Regardless, its balance sheet is in top shape. It is now starting to scale its international growth strategy. While this may take time, Cargojet has a large opportunity to become a leading global air freight carrier.

An insanely cheap TSX tech stock

Sangoma Technologies ([TSX:STC](#)) is an attractive small-cap stock to consider. After a 50% drop in 2022, this TSX stock is trading very cheaply. You can pick up this unified communications provider for six times EBITDA and five times free cash flow.

Despite its decline, its business continues to perform well. It recently added a large cloud communications business in the U.S. and a cybersecurity segment to its diverse product offering.

It is targeting +70% growth in 2022. That will likely stabilize to the mid-teen range over the longer term. However, on a value-to-growth basis this TSX growth stock looks very undervalued today.

Great growth at a fair price

Calian Group ([TSX:CGY](#)) is another growth stock trading at a reasonable price. It operates a conglomerate of technology focused services. Its largest customers include NATO and the Canadian defence department.

Given what is happening in Ukraine, military, satcom, and cybersecurity spending is expected to accelerate in the coming years. These are all [areas of competence](#) for Calian.

This company has been growing by revenue and adjusted earnings by around 20% a year. Yet it only trades for 10 times EBITDA. It has a cash-rich balance sheet and great opportunities to grow organically and by acquisition.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DOOO (BRP Inc.)
2. NASDAQ:NVEI (Nuvei Corporation)
3. TSX:CGY (Calian Group Ltd.)
4. TSX:CJT (Cargojet Inc.)
5. TSX:DOO (BRP Inc.)
6. TSX:NVEI (Nuvei Corporation)
7. TSX:STC (Sangoma Technologies Corporation)

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