



3 Beaten-Down Growth Stocks to Buy Now

Description

On July 6, 2022, the **TSX** sunk further to 18,729.20 points, as oil prices dropped to below US\$100 per barrel. The mighty energy sector declined the most mid-week (-3.9%) to bring down its year-to-date gain to only 28.56% from nearly 70% in Q1 2022.

Thus far this year, only energy out of 11 primary sectors has positive gains. Healthcare (-46.89%), technology (-37.86%), and real estate (-22.32%) are the worst-performing sectors. Many growth-oriented companies are beaten down in the inflation-induced [bear market](#).

Growth stocks like **Descartes Systems Group** ([TSX:DSG](#))([NASDAQ:DSGX](#)), **Bird Construction** ([TSX:BDT](#)), and **Maple Leaf Foods** ([TSX:MFI](#)) shouldn't be in the red under normal economic conditions. The share prices are more than 20.5% off their 52-week highs.

Vital logistics network

The tech sector is in a slump, including Descartes. At \$83.77 per share, the stock is down nearly 20%. Market analysts see a potential upside of 39.13% to \$116.55 in 12 months. This \$7.1 billion company provides on-demand, Software-as-a-Service (SaaS) solutions that help customers improve the productivity, performance and security of their logistics-intensive businesses.

In Q1 fiscal 2023 (quarter ended April 30, 2022), revenues and sales revenues increased 17.81% and 16.42% versus Q1 fiscal 2022. Net income for the quarter was US\$23.1 million, or 25.54% year-over-year growth. Besides the expected continued growth from existing customers and new participants, management plans to add more solutions to its Global Logistics Network (GLN).

Edward J. Ryan, Descartes's CEO, said, "It's more important than ever for supply chain constituents to share, access and process information from multiple sources in real-time to help get the right goods in the right place at the right time." He added that its GLN helps shippers, carriers, and logistics services providers to connect and collaborate in planning.

Leading construction company

The federal government's plan to increase housing in the country augurs well for Bird Construction. This \$393.58 million construction company offers a comprehensive range of construction services. It can do new construction for industrial, commercial, and institutional and civil infrastructure markets. The allied services include industrial maintenance, repair & operations services, and heavy civil construction.

The solid Q1 2022 results do not reflect on the stock's performance. At \$7.33 per share, Bird underperforms year to date (-23.67%). Fortunately, the high 5.44% dividend compensates for the temporary pullback. Management expects to deliver strong financial performance and long-term value to shareholders.

Stalled growth

Maple Leaf in the consumer staples sector is an interesting pick despite the 10.09% year-to-date loss. The \$3.23 billion consumer protein company derive revenue from two core business segments. While sales in Q1 2022 rose 7% versus Q1 2021, net earnings fell 71.3% year over year to \$13.7 million.

Management expects mid- to high single-digit sales growth in the Meat Protein Group this year, notwithstanding the current extreme conditions. However, it anticipates the Plant Protein Group to deliver neutral or better adjusted EBITDA in the second half of 2022. If you invest today, Maple Leaf trades at \$25.09 per share and pays a decent 3.09% dividend.

Eventual turnaround

The three growth stocks in focus are buying opportunities. Their eventual rebounds should be explosive.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:BDT (Bird Construction Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:MFI (Maple Leaf Foods Inc.)

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