Top High-Growth TSX Stocks That Tumbled up to 50% This Year

Description

The bottom still does not seem in sight. Markets could continue to dig deeper with unbending inflation and poor growth outlook. Even though high-growth stocks have fallen more than 60-70% this year, they could trade weak and entering these levels could still be risky. So, not all cheap stocks are buys at these levels. Here are three top TSX stocks that have been terribly weak this year. Let's see if these levels make sense.

goeasy

Canada's top consumer lender stock **goeasy** (TSX:GSY) has been notably weak since Q4 last year. It has lost 55% so far and is currently trading close to its 18-month lows.

A $1.5 billion goeasy earns a majority of its revenues from interests on unsecured and secured loans advanced to non-prime borrowers. Loan originations notably increased in the last few quarters, highlighting massive demand recovery post-pandemic. It has seen superior growth all these years because of its omnichannel distribution, expanding product base, and solid underwriting.

The management recently released upbeat guidance for GSY. It expects total revenues of $1.25 billion in 2024, indicating revenue growth of 15% CAGR. Also, the management aims to obtain a +35% operating margin and a return on equity of 22% through 2024.

GSY stock has seen a massive blow this year. However, its superior earnings growth prospects and undervalued stock could create meaningful shareholder value for the long-term investors.

BlackBerry

Despite a steep decline, **BlackBerry** (TSX:BB)(NYSE:BB) stock does not seem appealing at these levels. It has lost 50% since its 52-week high of $15.4 and is currently trading at $7.5. The meme stock frenzy did send the stock beyond $35 levels last year. However, it has been on a multi-year slide. Moreover, the stock could see more weakness in the short term with bigger interest hikes and uncertain broader markets.

Though BlackBerry operates in high-growth domains like IoT and cybersecurity, it is seeing declining financial growth. Its falling revenues and intermittent profitability make it a risky play, especially in the rising-rate environment.

BlackBerry QNX has been a huge hit and will likely drive its growth in the long term. Its cybersecurity arm also caters to a huge addressable market. However, it might take time to convert the operational growth to financial growth. Thus, the opportunity cost seems high. Notably, stocks like BB might trade weaker with steeper interest rate hikes on the cards.

Birchcliff Energy

Birchcliff Energy (TSX:BIR) stock has fallen 35% since June, thanks to tumbling natural gas prices. However, gas prices are still far higher compared to last year. As a result, producer names will see steep financial growth, at least for the next few quarters.

Birchcliff Energy is expected to become debt-free this year with its strong free cash flow growth. Canadian energy companies have been fast repaying their debts, leading to a significant balance sheet improvement. In case of Birchcliff, its total debt has dropped from $788 million in Q4 2020 to $451 million at the end of Q1 2022.

Despite recent weakness, BIR stock is currently sitting at 40% gains for 2022. It will report Q2 earnings next month. Strong earnings growth prospects will likely push BIR stock higher in the short to medium term.

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2. TSX:BB (BlackBerry)
3. TSX:BIR (Birchcliff Energy Ltd.)
4. TSX:GSY (goeasy Ltd.)

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vinitkularni20