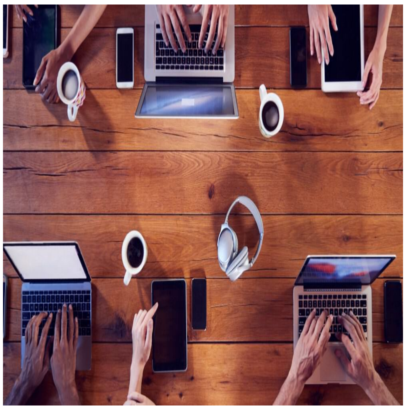

Down Over 60%: Should You Buy These 2 Tech Stocks?

Description

The tech sector has been under pressure over the last few months amid rising interest rates and concerns over deacceleration in growth. The Nasdaq Composite Index, a tech-heavy index in the United States, has corrected by over 27% from its November high. However, the following two tech stocks have witnessed a steeper decline and are trading above 60% lower than their 52-week high. So, let’s assess whether the pullback offers buying opportunities in these two stocks.

Nuvei

Nuvei (TSX:NVEI)(NASDAQ:NVEI) is a payment technology company that operates in 200 markets, supporting 150 currencies and 550 alternative payment methods, including cryptocurrencies. Amid the recent weakness in tech stocks and a short report from Spruce Point Capital Management, the company has lost close to 75% of its stock value compared to its 52-week highs.

However, the company continues to report solid quarterly performance. Its revenue and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) increased by 43% and 40% in the March-ending quarter, respectively. Organic growth and strategic acquisitions drove its financials. Meanwhile, the surge in e-commerce growth has made digital payments popular, thus creating a multi-year growth potential for the company. Also, the company focuses on expanding its portfolio of alternative payment methods and venturing into new markets to drive growth.

Nuvei also services regulated operators in the betting and iGaming space. Amid increased legalization, it is adding new operators to its customer base and geographically expanding its presence in North America, with the latest addition being Ontario. So, its growth prospects look healthy.

Meanwhile, amid the recent correction, Nuvei’s price-to-earnings multiple for the next 12 months has declined to 16.1, which is lower than its historical average. So, despite the near-term volatility, I expect Nuvei to double your investment in the next three years.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) is a digital healthcare company that facilitates healthcare professionals to provide omnichannel consultation services to their customers. It has lost around 60% of its stock value compared to its 52-week highs. The correction has dragged its price-to-earnings multiple for the next 12 months down to 15.

Meanwhile, last week, WELL Health provided impressive preliminary results for its second quarter, which ended in June. The company expects its top line to cross $130 million, while its EBITDA and free cash flows could surpass $23 million and $15 million, respectively. The company recorded 839,698 omnichannel patient visits during the quarter, representing year-over-year growth of 50% and sequential growth of 7%. Meanwhile, the company had a total patient visits of 1.17 million, with a run rate of 4.69 million.

Its U.S. segment, which includes Circle Medical and Wisp, continued to deliver solid performance. Its revenue run rate exceeded $115 million in June while delivering positive adjusted EBITDA. Meanwhile, I expect the growth to continue amid the rising adoption of telehealthcare services and WELL Health's aggressive acquisition strategy. In May, the company announced the ramping up of its acquisition strategy by signing multiple letters of intent. So, considering its growth prospects and attractive valuation, I am bullish on WELL Health.

Bottom line

Although the broader equity markets could remain volatile in the near term, long-term investors can start accumulating these two stocks, which could deliver multi-fold returns in the long run.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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