20% or More: Top Hypergrowth Stocks for 2022

Description

Economic growth has slowed down this year. In fact, we face a global recession, which could cause some companies to fail and others to cut back. In this environment, a hypergrowth stock that continues to expand could be the key to outperformance.

Here are three hyper-growth stocks that could be expanding at an annual rate of 20% or above, despite the recession.

Hypergrowth stock #1

WELL Health (TSX:WELL) is still considered a “pandemic stock.” But I believe that label has made investors miss an opportunity here. WELL Health’s healthcare data and virtual medical services were boosted by the pandemic. But the growth continues in 2022, as WELL Health expands its footprint in the U.S. and adds new acquisitions.

The company achieved record-high revenues in May this year. Total revenue for the month was up 40% over the previous year. Meanwhile, the U.S.-focused virtual patient services businesses surged 150% year over year in the most recent quarter.

The company also swung to a profit and generated $15 million in free cash flow for the first time ever. In 2022, it hopes to push annualized revenue to $525 million. Meanwhile, the company is worth just $737 million. That makes it an undervalued and overlooked hyper-growth stock. Keep an eye on it.

Hypergrowth stock #2

Logistics software giant **Kinaxis** (TSX:KXS) benefits from the efforts to solve the supply chain crisis. Enterprise clients across the world need Kinaxis’s software tools to get products to customers faster. They also need these tools to reduce costs and boost efficiency, as inflation takes a bite out of corporate margins.

These investments helped Kinaxis expand total revenue by 70% in the first quarter of this year. Software-as-a-Service revenue was up 22% over the same period. Gross margins improved, and the company swung from a $0.06 loss in Q1 2021 to a $0.44 profit in the first quarter of 2022.

I expect Kinaxis to see consistent and steady growth in the years ahead. Meanwhile, the tech stock is beaten down. It's trading 35% below its all-time high from last year. Expect a swift recovery in this stock.

Hypergrowth stock #3

Fashion brand **Aritzia** (TSX:ATZ) is seeing a growth spurt driven by revenge spending, online sales, and international expansion. Clothes and accessories are in high demand, as lockdowns ended and people returned to work this year. Meanwhile, Aritizia has been adding new stores in the U.S. which has added tremendous value to its top line.

In the first quarter of this year, net revenue was up 65.2% to $407.9 million while net income increased by 85.8% to $33.3 million. E-commerce now contributes 29% of revenue, but that number is rapidly expanding and adding much more value to the company.

Investors haven't noticed, which is why the stock is trading at a bargain. It's down 35% this year and is trading at just 26 times trailing earnings per share. If the company can sustain margins, e-commerce growth, and international expansion in 2022, it could be one of the best growth stocks to hold.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:KXS (Kinaxis Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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Author
vraisinghani