



3 Cheap Growth Stocks to Buy Right Now

Description

Amid strong quarterly performances and easing recession fears, the Canadian benchmark index, the **S&P/TSX Composite Index**, has increased by 9.4% from its last month's lows. Despite the recovery, the following three growth stocks are trading at substantial discounts from their 52-week highs, thus providing excellent buying opportunities.

Savaria

Savaria ([TSX:SIS](#)), which provides accessibility solutions to the physically challenged across 40 countries, posted a solid second-quarter performance yesterday. Its revenue grew by 7.5% to \$192.1 million, with most of the growth driven by the strong performance of the accessibility and patient care segments. Supported by a price hike earlier this year, the company's gross margins expanded from 33.4% in the previous year's quarter to 34.1%.

Amid top-line growth and expanding gross margin, Savaria's adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) grew by 14.9% to \$31.5 million. Despite the fear of slowing growth globally, the company's management has reiterated its guidance for this year. The management expects its revenue to exceed \$775 million, while its adjusted EBITDA could fall in the \$120-\$130 million range.

The company has announced that it is on track to open its new factory in Mexico in September 2022, which could serve its U.S. customer. With new manufacturing facilities at its Brampton factory, the company can fabricate the rail for its free curve stairlift, thus avoiding the need to ship it from its European manufacturing facilities. This initiative could lower lead time and reduce shipping costs, thus improving its margins. Despite its healthy growth prospects, Savaria trades at an NTM (next 12-month) price-to-earnings multiple of 19.1 and pays a monthly dividend of \$0.0417/share, making it an attractive buy.

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has bounced back strongly from its May lows, delivering returns of over 44%. Despite the surge, it is still around 42% lower than its 52-week high. Meanwhile, the company's growth prospects look healthy, given its exposure to high-growth sectors, such as IoT and cybersecurity.

Given its strategic investments in IVY, an intelligent vehicle data platform, design wins, and multi-year backlogs, the company's management expects its IoT revenue to grow at a CAGR (compounded annual growth rate) of 19.8% from fiscal 2022 to fiscal 2027. Further, despite the growing competition in the cybersecurity market, the company expects its cybersecurity revenue to grow at a CAGR of over 10%.

Overall, BlackBerry's management expects its revenue to grow at a CAGR of 13% from 2022-2027, while its gross margins could expand by 100 basis points annually. Further, the company's management expects to break even in fiscal 2024 and post positive cash flows from fiscal 2025 onwards. So, given its growth prospects and discounted stock price, I am bullish on BlackBerry.

goeasy

Amid the improvement in investors' sentiments, **goeasy** ([TSX:GSY](#)) is trading around 38% higher from its last month's lows. Despite the surge, it is down close to 40% from its 52-week highs and trades at an attractive NTM [price-to-earnings](#) of 10.2. The company reported record second-quarter results yesterday. Its loan originations grew by 66% to \$628 million — a record for the company. By the end of the quarter, the company's loan portfolio stood at \$2.37 billion — growth of 32% compared to the second quarter of 2021.

Amid stable credit and payment performance, goeasy's operating income increased by 52%. However, removing special items, its adjusted operating income came in at \$88.7 million, an 11% year-over-year growth. After reporting a solid second-quarter performance, the company's management has raised its guidance for the next three years. The management expects its gross consumer loans receivables to reach \$4 billion by 2024, representing a 69% growth. Considering all these factors, I believe goeasy is an excellent buy right now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SIS (Savaria Corporation)

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Author

rnanjapla

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