2 of the Top-Growing Stocks in Canada Are on Sale

Description

Canadian growth stocks have taken endless hits to the chin in the first few months to start the year. Undoubtedly, a cooling of rates could fuel a further relief rally in many of the battered names, including the likes of e-commerce darling **Shopify** (TSX:SHOP)(NYSE:SHOP).

Now, Shopify found itself in the right place at the right time in the run-up of the pandemic. Widespread lockdowns caused shares to surge, as brick-and-mortar took more steps back versus digital retailers. As more retailers were forced to embrace the digital age, Shopify continued to grow its top line through the roof.

Just over two years later and the tables have turned in a big way. The economy is open again, and the pandemic pull-forward seems to have led to a bit of a hangover. With worries of an economic recession closing in, Shopify stock suffered a fall of more than 80% from peak to trough — one of the ugliest selloffs in the tech sector.

Shopify: From boom to bust

From rapid hiring to massive job cuts, Shopify is leaning out to improve its prospects going into a 2023 "mild" recession that could see consumer spending fall into a bit of a rut. Indeed, Shopify stock soured in a hurry. But as shares look to find their feet again, I'd be more inclined to buy than sell, given the exceptional managers and their competitive spirit.

Undoubtedly, many investors who told themselves they would have bought had shares been worth closer to 10 times price-to-sales (P/S) rather than north of 40 now have the opportunity to do so. Sure, it took a few rough quarters and a handful of analyst downgrades to get here. But the stock, I believe, is looking enticing from a long-term point of view.

Recent revenue growth decelerated to 16% — unheard of for a hyper-growth stock like Shopify thathas such a massive total addressable market (or TAM for short). Indeed, macro headwinds are mostlyto blame. As the new bull roar rears its head, I'd argue that SHOP stock has a pathway to back to $50per share.

Indeed, it won't be easy, as Shopify needs to re-evaluate its navigation through one of the most challenging environments to date. Regardless, the price seems too low for the calibre of growth you'll get.

Docebo: Secular tailwinds still strong

Docebo (TSX:DCBO)(NASDAQ:DCBO) is another pandemic winner that has lost its way. The stock lost around 70% from peak to trough. Although demand for Learning Management System (LMS) and other enterprise productivity tools could slow, Docebo has the power of AI by its side. Indeed, the $1.5 billion firm may not be a whale in the space, but it has intriguing technologies that could make it an enticing takeover target.

In any case, Docebo looks like a bargain at just north of 10 P/S. The firm has been on the right side of analyst price targets of late and is on track to regain a lot of the ground lost in the first half of the year.

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Date
2025/07/07
Date Created
2022/08/17
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