



Rebound Rockets: 2 TSX Tech Stocks to Buy Before They Soar

Description

All year long, we've seen stocks across various industries lose a tonne of value. In some cases, companies are already feeling the impact on their operations. However, there are also stocks losing value based on what investors expect will happen to them as the economy starts to face stiffer headwinds. There's no doubt that some of the most impacted stocks are tech stocks, and they are also some of the best to buy now.

Tech stocks are typically some of the fastest growing companies. Consequently, they've seen some of the largest selloffs since this uncertainty and heightened volatility began.

And although the selloff of some tech stocks may be warranted, a number of these high-potential businesses now trade well undervalued, creating an excellent opportunity for long-term investors who have the patience to buy and hold until the economy recovers.

If you have cash that you're looking to invest and a long runway to buy and hold these stocks as they recover, here are two of the top **TSX** tech stocks I'd recommend while they're still ultra-cheap.

A top TSX tech stock that's trading ultra cheap

One of the biggest discounts you can find on the market today is **AcuityAds Holdings** (TSX:AT)(NASDAQ:ATY), an AdTech stock that's lost 40% year-to-date and over 70% in the last 12 months.

Part of the reason AcuityAds stock has underperformed is due to some issues it faced rolling out its new proprietary self-serve advertising platform. However, the majority of its selloff has resulted from the fact that tech stocks have fallen out of favour.

In recent months, as the stock has become ultra-cheap, AcuityAds has started to buy back some of its own shares while they trade at such undervalued prices.

While the stock has a [market cap](#) of \$175 million today, it also has over \$80 million of net cash on its

balance sheet. This means that the actual company value, its [enterprise value](#), is less than \$100 million, making it unbelievable cheap today.

At that price, AcuityAds trades for just 0.7 times its forward sales. That's low for any stock, let alone a tech stock with huge growth potential. For comparison, a stock like **Shopify**, which is also undervalued, began the year trading at 29.8 times its forward sales. After a massive selloff, it trades today for 5.8 times its forward sales, over 8.2 times as much as AcuityAds' valuation.

While the AdTech stock remains ultra-cheap, there's no question that it's one of the top TSX stocks to buy now.

A top healthcare tech stock that continues to outperform expectations

In addition to AcuityAds, **WELL Health Technologies** ([TSX:WELL](#)) is another high-potential TSX tech stock that you'll want to buy while it's [cheap](#).

WELL has not only grown its business at an extremely impressive pace in recent years, but it's constantly exceeding analysts' expectations as well as consistently increasing both its guidance for sales and earnings.

The company has built a robust portfolio of digital health apps and physical clinics, both of which are helping the company achieve incredible organic growth.

However, while WELL's operations continue to perform well, the stock has been out of favour all year, creating an incredible opportunity for investors today.

At current prices, WELL trades with an enterprise value-to-sales ratio of just 2.1 times. That's slightly more than AcuityAds. However, it's still remarkably cheap. Furthermore, WELL's operations growth has had fewer hiccups than AcuityAds, and it operates in a much more defensive industry. This positions the stock as one you can have more confidence in over the long haul.

Just over 18 months ago, at the end of 2020, WELL's valuation was closer to 13.8 times its forward sales. Since then, the stock has grown its quarterly revenue by nearly 10 times, made several impressive acquisitions, and is now on the verge of earning positive net income.

While this unbelievable growth stock trades so cheaply, it's easily one of the best TSX tech stocks to buy now.

CATEGORY

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2. TSX:ILLM (AcuityAds)

3. TSX:SHOP (Shopify Inc.)
4. TSX:WELL (WELL Health Technologies Corp.)

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