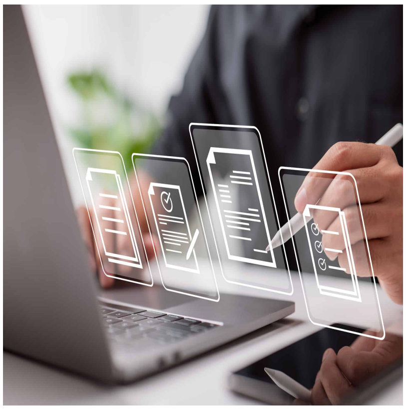

Can Docebo Stock Turn a $6,000 TFSA Investment Into $60,000?

Description

The Tax-Free Savings Account, or TFSA, is a registered account that is popular among Canadians. You can buy and hold a variety of qualified investments in the TFSA, such as bonds, stocks, and mutual funds.

Any income from the TFSA in the form of interests, dividends, or capital gains is exempt from Canada Revenue Agency taxes. So, the TFSA is ideal for those looking to own growth stocks and benefit from outsized gains over time.

Growth stocks generally grow at an enviable pace and outpace the broader markets in a bull run. But, due to their steep valuations, growth stocks also trail the market when sentiments turn bearish.

One such growth stock that can be part of your TFSA in 2022 is **Docebo** (TSX:DCBO)(NYSE:DCBO). Valued at a market cap of $1.3 billion. Docebo's stock price is down 68% from all-time highs. Despite its massive pullback, Docebo has returned 137% to investors since its IPO in late 2019.

Let's see if DCBO stock can turn a $6,000 TFSA investment into $60,000 by the end of this decade.

Is Docebo a good stock to buy?

Docebo was founded in 2005 and operates in the enterprise e-learning space. In recent years, corporate e-learning solutions have become part of the core strategy of many companies. Launched initially as an open-source model, Docebo transitioned to a subscription-based cloud platform in 2012.

It was among the first companies to introduce artificial intelligence and integrate it with e-learning to help companies gain a competitive advantage among peers.

Since 2018, Docebo has managed to increase revenue 3.8 times to US$104.2 million in 2021. The learning software maker ended the June quarter with 3,106 customers and US$138 million of annual recurring revenue. In fact, recurring revenue accounts for 91% of total sales. A subscription-based model allows companies to generate predictable cash flows across market cycles.

The company ended Q2 with a net dollar retention rate of 113%, indicating existing customers have increased spending on the Docebo platform by 13% in the last year.

Around 75% of Docebo's customers are located in North America. So, the company has enough room to gain traction in other international markets. Some of Docebo's big-ticket clients include **Amazon** Web Services, **Thomson Reuters,** and **HP Inc.**

The ongoing pandemic has acted as a tailwind for Docebo due to the shift towards remote work globally. Around 94% of learning and development professionals are looking to change their strategy in response to COVID-19.

Further, Docebo is part of a rapidly expanding addressable market that is forecast to touch US$29.9 billion in 2025, up from US$9.5 billion in 2019, indicating annual growth rates of 21% in this period.

The bear case for DCBO stock

Despite its stellar revenue growth over the years, Docebo continues to report an adjusted loss. Analysts forecast the company to narrow its losses from US$0.53 per share in 2021 to US$0.34 per share in 2022. Management expects to report break-even net income in 2023.

Docebo stock is valued at 9.7 times forward sales, which is quite steep for an unprofitable company. DCBO might move lower if the broader indices continue to lose momentum due to a challenging macro environment.

But Bay Street remains bullish on Docebo stock and expects it to more than double in the next 12 months. Docebo's widening addressable market should drive its sales higher in the upcoming decade. In the case it improves profit margins and reports robust revenue growth in the future, Docebo can turn a $6,000 TFSA into $600,000 within the next 10 years.

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