2 Cheap Stocks (Below $50) to Buy and Hold Till 2032

Description

Most Canadian stocks lost substantial value in 2022, but only a few appear attractive on the valuation front, given their ability to grow rapidly. While the uncertain macro environment and high inflation remain a concern, investors can selectively add positions in some of them. Let's look at two cheap stocks under $50 that can bounce back sharply and deliver outsized returns over the next decade.

Docebo

Down about 68% from its 52-week high as of writing, **Docebo** (TSX:DCBO)(NASDAQ:DCBO) is an attractive long-term bet. Given the notable decline, Docebo stock is trading at an EV/sales (enterprise value to sales) multiple of 4.4 — much below its historical average of over 14. While Docebo's valuation is low, its annual recurring revenues (a measure of future revenue growth) continue to grow fast.

Notably, despite macro concerns, its annual recurring revenue clocked more than 50% growth in the second quarter of the current fiscal year. What's more? Docebo's recurring revenues have had a compound annual growth rate of 66% since 2016.

Another key highlight is the growth in its average contract value. Notably, Docebo's average contract value was $45,000 in the second quarter — nearly four times of 2016 levels. Further, its net dollar retention rate was 113%.

Overall, Docebo's growing enterprise customer base, increasing deal size, land-and-expand strategy (generating higher revenues from existing customers), and a high recurring revenue base provide a solid platform for growth. Given its low valuation and attractive growth profile, investing in this tech stock will be prudent for investors to outperform the TSX.

Nuvei

Payment tech company **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) is another exciting stock that has the potential to beat the benchmark index. Nuvei stock has lost over 77% of its value from the peak. Multiple reasons, including a short report from Spruce Point, the slowdown in growth, volatility in the crypto market, and investors' negative outlook on tech stocks, are behind this slump.

Despite all the concerns, Nuvei's fundamentals remain strong. Further, Nuvei reiterating its medium-term outlook (growing revenue and volume by 30% annually) indicates that the company is very well placed to deliver stellar returns over the next decade.

Nuvei's investments in product innovation, sales, and distribution should drive its customer base and volumes. Further, the addition of new alternative payment methods and geographical expansion bode well for growth. Also, new customer wins and growing revenues from existing customers are positives. Nuvei is also expected to benefit from its expansion into high-growth avenues and markets.

Overall, its solid growth prospects and inexpensive valuation (Nuvei stock is trading at an EV/sales ratio of 4.7, which compares favorably to its historical average of over 15) make it an attractive investment for long-term investors.

Bottom line

Both these Canadian tech companies have multiple growth catalysts and will likely deliver solid financial numbers, as the macro environment improves. Further, the significant decline in these tech stocks has driven their valuation to a multi-year low, providing a solid opportunity for buying.

CATEGORY

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2. Tech Stocks

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snahata