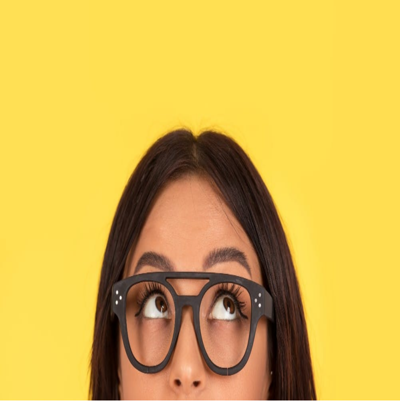

Top 2 Beaten-Down Stocks I've Not Given Up on

Description

Rising interest rates and elevated inflation indicate that the stock market could stay volatile in 2022. Amid these times, it is prudent to keep cash for uncertainties. However, sitting on too much cash will not help you create wealth. Thus, I'd recommend investing some of your extra cash in high-quality, beaten-down stocks.

Buying these stocks cheap and holding them for the medium to long term could help you create solid wealth. So, if you have extra cash to invest, I have picked out two stocks that offer massive discounts and can rebound quickly as the economic environment improves.

Payfare

Payfare (TSX:PAY) is a microcap fintech offering instant payments and digital banking services to gig workers. Its stock has lost over 58% from its highs. Meanwhile, its revenue continued to grow rapidly. Also, Payfare turned EBITDA (earnings before interest, taxes, depreciation, and amortization) positive during the most recent quarter, which should act as a catalyst for its stock.

It's worth mentioning that Payfare's revenues increased from $2.4 million in the second quarter of 2020 to $33 million in the second quarter of 2022. Moreover, its revenue grew by 285% during the last reported quarter. Payfare's revenues are recurring in nature, while it has low customer acquisition costs. Also, its active users have grown from 36.6K in the second quarter of 2020 to 883.4K.

The growing demand for ridesharing and food delivery provides a long-term growth foundation for Payfare. Further, its partnerships with top marketplaces and gig platforms are positive. Also, product expansion and entry into new verticals should accelerate its growth. Payfare has raised its full-year revenue outlook and expects FY22 sales to record 197% growth. Further, it expects to generate positive adjusted EBITDA in FY22 and will continue to buy back its shares.

Lightspeed

Lightspeed (TSX:LSPD)(NYSE:LSPD) is one of those tech stocks that market participants brutally sold. Due to the selling, Lightspeed stock has plunged about 86% from its 52-week high. While Lightspeed stock was sold on growth concerns, it continues to deliver solid organic sales. Further, it is benefitting from the increased demand for its commerce platform (especially from the restaurants and retailers) due to the economic reopening.

For instance, its organic revenue continues to grow at over 30% rate, which is positive. Meanwhile, Lightspeed is confident that the momentum in its business will likely sustain and projects organic revenue growth of 35-40%.

Its growing customer locations, improving software adoption, and increased payment penetration (percentage of gross transaction volume processed by its payments solutions) provide a solid platform for growth.

Looking ahead, Lightspeed's growing payment volume, the introduction of new modules, and exiting customers adopting multiple modules should drive its organic sales. Further, acquisitions will likely drive customer locations, help it enter new markets and verticals, and accelerate overall growth.

Thanks to the significant correction in Lightspeed stock, it is trading at a forward enterprise value-to-sales multiple of 2.1, which is at an all-time low, presenting an opportunity to invest at current levels.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:PAY (Payfare Inc.)

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snahata