These 2 Stocks Are Growing at +30% Despite the Potential Recession

Description

Investors are seeking safety as inflation and recession loom on the horizon. Energy and bank stocks are popular in this environment, while growth stocks are clearly out of favour. However, some growth stocks are sustaining their pace of expansion, despite the economic downturn.

These companies are part of a secular growth wave. That means their market opportunity is detached from the rest of the economy and isn't subject to the same market cycle. For long-term investors, these are ideal targets. Here are the top two growth stocks that have delivered 30% or more in earning expansion in recent quarters.

Dollarama

Discount retailers have been steadily consuming market share for years. After all, who doesn't like a bargain? That's probably why **Dollarama** (TSX:DOL) stock is up 2,300% since 2009. That's a compound annual growth rate (CAGR) of 27.3% over 13 years.

This year, sales are expanding even faster. In its most recent quarter, Dollarama's revenue expanded by 18.2%, while operating income surged 30.3% year over year. Net diluted income per share was up 37% over the same period.

Dollarama's recent growth spurt is fueled by recession and inflation. Canadian families have shifted some of their demand to low-cost retailers, as their finances have been squeezed. In fact, some reports suggest that even relatively wealthy families (earning over $100,000) have been shopping at dollar stores this year.

Economists expect the next recession to cause severe job losses. Meanwhile, inflation has proven to be more persistent than anticipated. These factors could drive Dollarama's growth in 2023 and beyond.

This is why Dollarama is an ideal target for growth investors seeking an attractive, recession-resistant bet in 2022.

WELL Health Technologies

Virtual healthcare and medical data management is another secular trend. That means patients are visiting virtual clinics and clinics are spending on new technology, despite the economic downturn. This is why **WELL Health Technologies** (TSX:WELL) has experienced steady growth in 2022.

In fact, WELL Health has had an incredible year. The acquisition in the U.S. is now being reflected in their quarterly growth numbers. In its most recent quarter, the company's revenue was up 127% year over year. WELL Health also swung from a net loss last year to a net profit this year on an adjusted basis.

For the full year, the company expected to generate $550 million in revenue. Meanwhile, the market capitalization is just $749 million. Put simply, the stock is trading at just 1.36 times revenue and is severely undervalued.

WELL Health's acquisition-based growth model should be easy to execute this year. Software companies and healthtech startups have seen their valuations plummet. This means WELL Health can acquire them at better prices. Meanwhile, the demand for better healthtech remains as strong as ever.

Add this recession-resistant growth stock to your watch list.

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Date
2025/09/10
Date Created
2022/09/25
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