2 Stocks That Could Grow Your Portfolio Over the Next Decade

Description

The sell-off in the equity markets has intensified, with the **S&P/TSX Composite Index** trading around 13% lower year to date. Multiple rate hikes and the warning by the Chairman of the Federal Reserve of the United States that the central bank could take further actions to stem the rising prices have made investors nervous, leading to a correction.

Meanwhile, technology stocks have witnessed substantial selling over the last few months as investors turned skeptical about their growth potential in this high-interest environment. However, if you are a long-term investor, here are two high-growth stocks you can now buy at a substantial discount.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) offers cloud-based enterprise learning management system (LMS) platforms to businesses across multiple countries. Although the pandemic accelerated the demand for the company's products and services, the company has been delivering solid performance since 2016, with its revenue growing at a CAGR (compounded annual growth rate) of 60%. The expansion of its customer base from 900 in 2016 to 2,800 in 2021 and four times growth in its average contract value drove its sales.

Docebo's growth has continued in 2022, with its revenue and adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) growing by 41.4% and 64.3%, respectively. Over the previous four quarters, the company has added 621 new customers, including several big-ticket clients. Its average contract value has expanded by 18.4% to US$44,500.

Despite the challenging environment, I expect Docebo's growth to continue due to the expanding addressable market and its growth initiatives. Amid the growing adoption of LMS solutions, *Verified Market Research* projects the LMS market to grow at a CAGR of 19.1% through 2030. So, with its highly configurable and artificial intelligence-powered LMS platform, Docebo could benefit from market expansion.

However, amid the recent selloff in the tech sector, Docebo has lost over half its stock value this year and trades at an NTM (next 12 months) price-to-sales multiple of 5.2, lower than its historical average. So, considering its growth potential and discounted stock price, I believe Docebo could deliver multi-fold returns in the long term.

Nuvei

Nuvei (TSX:NVEI)(NASDAQ:NVEI), which facilitates digital payments across 200 markets while supporting 570 alternative payment methods (APM), would be my second pick. With its modular, flexible, and scalable platform, the company allows its customers to accept next-generation payment options. Meanwhile, the e-commerce market expanded during the pandemic, thus popularizing digital payments.

Amid the favorable environment, Nuvei continues to deliver impressive performance. In the first six months of this year, its revenue rose 30% amid 40% volume growth, with e-commerce representing 88% of its total volumes. Also, its adjusted EBITDA and EPS (earnings per share) grew by 27% and 22.8%, respectively.

Going forward, I expect the company's growth to continue as the global digital payments market expands. *Markets and Markets* projects the global digital payments market to grow at a CAGR of 15.4% through 2026. Currently, the company is focusing on introducing innovative product offerings, expanding geographically, and increasing its APM portfolio to drive growth. Besides, Nuvei's regulated online gaming vertical, which posted 22% revenue growth in the second quarter, could be a substantial growth driver as more markets legalize gambling.

However, facing weakness in the tech sector, Nuvei has lost over 55% of its stock value this year. The steep correction has dragged its NTM price-to-earnings multiple down to an attractive 14. So, I believe Nuvei could be a worthwhile addition to your long-term portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
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3. TSX:DCBO (Docebo Inc.)
4. TSX:NVEI (Nuvei Corporation)

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