2 TSX Growth Stocks I’d Buy and Hold Forever

Description

Growth stocks, especially from the tech space, have witnessed steep correction and are trading at levels significantly lower than their highs. For instance, high-growth stocks like **Shopify** and **Lightspeed** have lost over 80% of their value from the peak.

After a considerable correction like the one we witnessed in 2022, it is time to selectively accumulate high-quality growth stocks and hold them long to create significant wealth. Against this backdrop, here are two top TSX stocks that I’d buy on this dip and stay invested in for the long term.

Docebo

The durability of **Docebo’s** (TSX:DCBO) business, even after the economic reopening, supports my bullish outlook on the stock. It provides an e-learning platform to enterprises. The demand for its products and solutions soared amid the pandemic. However, fears of a slowdown in its business amid easing lockdown measures have led investors to dump its stock.

However, that hasn’t played out yet, as Docebo continues to deliver robust growth. Further, its stock is trading cheap, providing an excellent opportunity for long-term buyers.

Investors should know that Docebo’s annual recurring revenue is growing at a breakneck pace (increased by 48% in the second quarter, or Q2), despite macro weakness. Furthermore, its annual recurring revenues have had a CAGR (compound annual growth rate) of 66% between 2016 and 2021. Docebo also benefits from the growth in its average contract value (increased over four times since 2016). Meanwhile, a high retention rate and growing enterprise customer base (had 3,106 customers at the end of Q2) bode well for growth.

Looking ahead, Docebo could benefit from its land-and-expand strategy focused on generating higher revenues from the existing client base. Moreover, product expansion and acquisitions will accelerate growth. Further, Docebo stock is trading at a forward enterprise value-to-sales multiple of 4.5, which is well below its pre-COVID level of 6.8.

Nuvei

Along with Docebo, I am also optimistic about **Nuvei's** (TSX:NVEI)(NASDAQ:NVEI) prospects. This payment technology company has strong fundamentals reflected through its growing volumes, consistent revenue and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) growth, and strong free cash flows.

What stands out is that most of its growth (about 80% in 2021) comes from expanding its wallet share with existing customers. This exhibits the effectiveness of its land and expand strategy. Further, the continued expansion of its new alternative payment methods for pay-ins and payouts augur well for growth.

Nuvei's management is upbeat and expects to deliver over 30% volume and revenue growth (per annum) in the medium term. Its focus on product innovation, investments in sales and distribution, and geographical expansion will support its growth. Also, new customer wins, reacceleration in e-commerce demand, and strategic acquisitions will accelerate its growth.

Despite its solid financials and upbeat guidance, Nuvei stock is down about 50% year to date. Further, it has declined by over 72% in one year. This correction has driven its valuation lower. Nuvei stock is trading cheap, at a forward enterprise value-to-sales multiple of 4.6, which is well below its historical average of over 15. Its low valuation and over 30% revenue-growth guidance support my investment case.

CATEGORY

1. Investing
2. Tech Stocks

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