3 Growth Stocks I Think Will Soar in the Next Bull Market

Description

All three major indices in the United States are now in bear market territory. While the current environment remains challenging, an average bear market lasts for 289 days. Historically, equity markets have always recovered from downturns to consistently touch record highs. In fact, investors witnessed one of the longest bull markets between 2009 and 2020 before the onset of COVID-19.

The massive pullback in growth stocks has driven the valuations of several companies significantly lower. Investors can now buy quality stocks at a discount and benefit from market-thumping gains when investor sentiment improves. Here are three such growth stocks I think will soar in the next bull market.

Aritzia

A luxury retail company, **Aritzia** (TSX:ATZ) designs and sells apparel and accessories for women in North America. The retailer ended fiscal 2022 with 105 boutiques in North America and annual revenue of $1.5 billion.

Valued at a market cap of $5.5 billion, Aritzia is forecast to increase sales to $2.1 billion in fiscal 2024 (ended in August). Comparatively, its adjusted earnings are forecast to rise to $2.05 per share in 2024 from $1.53 per share in 2022.

The company ended the August quarter with an inventory of $455.1 million, an increase of 150% year over year, which might concern investors. However, Aritzia explained inventory was booked earlier to mitigate risks related to supply chain disruptions.

While Aritzia has several brick-and-mortar retail outlets, e-commerce now accounts for 38% of total sales, compared to 23% in fiscal 2020, allowing the company to improve profit margins at a faster pace.

In the last four years, Aritzia has increased revenue by 19% annually while adjusted net income has surged by 24% each year.

ATZ stock is trading at a discount of 20% compared to consensus price target estimates.

Docebo

An enterprise-facing e-learning company, **Docebo** (TSX:DCBO)(NASDAQ:DCBO) is among the fastest-growing stocks on the TSX. Founded in 2005, Docebo generates the majority of its revenue via subscriptions, allowing it to generate cash flows across market cycles.

In Q2 2022, Docebo reported subscription sales of US$31.9 million, accounting for 91% of total revenue and rising 35% year over year. Its annual recurring revenue stood at US$138.2 million, up from US$93.4 million in the year-ago period.

The company ended Q2 with 3,106 customers, up from 2,485 customers in the year-ago quarter. Further, the average contract value rose to US$44,495 from US$37,569 in this period. A widening customer base and an uptick in customer spending should allow Docebo to drive top-line growth higher in 2022 and beyond.

EQB Inc.

EQB Inc. (TSX:EQB) is one of the cheapest financial stocks on the TSX. Currently, the stock is trading 44% below all-time highs. Over the past 10 years, however, the stock has returned 250% to investors in dividend-adjusted gains.

Due to the ongoing sell-off, EQB stock is priced at just 5.3 times forward earnings. Meanwhile, analysts expect the bottom line to expand by 19.5% annually in the next five years.

Further, EQB is forecast to grow sales from $583 million in 2021 to $879 million in 2023. This robust expansion in revenue and profitability allows EQB to pay investors annual dividends of $1.24 per share. That translates into a dividend yield of 2.7%.

Bay Street expects EQB stock to surge by more than 60% in the next year, making it a top bet right now.

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2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:EQB (EQB)

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araghunath