3 Stocks That Could See Tremendous Growth in 2023

Description

Growth has been elusive in 2022. Several consumer and technology companies have lost significant market value this year, while energy and commodity stocks have surged. In 2023, economists expect a recession and persistent inflation to make things worse.

However, some companies should thrive next year, despite the headwinds. Here are the top three growth stocks that should be on your radar for 2023.

WELL Health

WELL Health Technologies (TSX:WELL) couldn't avoid the tech market selloff but has continued to deliver growth. The stock is down 42% year to date. However, the company has registered triple-digit growth throughout 2022. In the most recent quarter, its U.S. businesses saw a 124% organic jump in revenue.

Meanwhile, total revenue has tripled from $87 million in the first six months of 2021 to $266 million this year. For the full year, the company expects revenue to exceed $550 million.

I expect the company's growth to continue as it adds more acquisitions and expands its footprint in the United States. However, the valuation doesn't reflect this optimism. WELL Health stock trades at just 1.2 times annual revenue. It's a growth stock trading at a severe bargain. Keep an eye on it.

Aritzia

The unlikeliest success story of 2022 was the fashion brand **Aritzia** (TSX:ATZ). The company's e-commerce and U.S. expansion efforts have offset any weakness in the consumer market. In fact, the stock is flat year to date, which means it outperformed its peers and even the benchmark stock index.

The company recently reported its second-quarter earnings. Revenue was up 50.1% year over year, while net income was up 16.1%. Its e-commerce business has grown 150% since 2020.

The company now has a plan to boost growth for the next five years. The company now expects to launch eight to 10 boutique stores every year and expand three to five existing boutiques per year through fiscal 2027. That, according to the management team, should push total revenue to $3.5 to $3.8 billion in 2027. If it achieves this target, the annual growth rate of revenue could be between 15% and 17% for the next half-decade.

Aritzia is a steady growth stock that should be on your radar for the next few years.

Dollarama

Economic distress and rising inflation are likely to persist. That's according to several economists and even some central bankers. Higher costs and lower income could push some families to discount retailers for essential goods. We're already seeing this trend reflected in **Dollarama's** (TSX:DOL) earnings.

Dollarama reported 18% sales growth, year over year in its most recent quarter. Earnings before interest, taxes, depreciation, and amortization were up 25.8% over the same period. Meanwhile, net earnings were up 37.5%.

These impressive growth numbers could continue in the months ahead, as inflation compels more families to shop at Dollarama's relatively affordable outlets. The retail stock is already up 28.9% year to date and could have more room to grow. Investors looking for a safe-haven growth opportunity should add this to their watch list for 2023.

CATEGORY

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2. TSX:DOL (Dollarama Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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