3 Top Cloud Stocks to Buy in November 2022

Description

The cloud computing market continues to expand rapidly after gaining massive traction in the last decade. Enterprises all over the world are migrating workloads to the cloud, and this trend accelerated due to COVID-19 and the shift toward remote workplaces.

A report from market research company Gartner estimates the global cloud computing market to touch US$360 billion in 2022 and US$1 trillion in 2030, up from US$250 billion in 2020, providing companies with enough room to grow their top-lines in the future.

Here, I have identified three cloud stocks that investors should consider in November 2022.

Snowflake

Snowflake's ([NYSE:SNOW](#)) robust platform allows companies to store data via multiple cloud providers. Once the data is stored, employees can run queries and leverage the benefits of [artificial intelligence](#) to derive actionable data-driven insights.

Valued at a market cap of US$50 billion, Snowflake stock is currently down 60% from all-time highs, allowing you to buy the dip. Snowflake is among the fastest-growing large-cap stocks on Wall Street and increased sales by 83% year-over-year in the fiscal Q2 of 2023 (ended in July).

Unlike most [growth stocks](#), Snowflake reports a free cash flow. In Q2, its free cash flow stood at US$54 million, which should help the company tide over near-term uncertainties.

Snowflake ended the July quarter with almost US$4 billion in cash, providing it with enough flexibility to grow via acquisitions. Further, Snowflake expects its total addressable market to touch US$248 billion in 2026 and its annual revenue to surpass US$10 billion by 2030. It reported revenue of US$1.22 billion in fiscal 2022.

Datadog

Another cloud-based data platform, **Datadog** (NASDAQ:DDOG) has the potential to create massive wealth for long-term investors. Datadog enables its clients to monitor databases, servers, and cloud-scale applications in a secure manner.

The company has managed to grow its sales from US$198 million in 2018 to US$1.03 billion in 2021. Analysts expect sales to touch US$2.23 billion in 2023. Comparatively, its adjusted earnings are forecast to improve from US$0.48 per share in 2021 to US$1.08 per share in 2023.

Similar to Snowflake, Datadog stock is also down 59% from all-time highs. But it has more than doubled since its IPO in 2019, despite the ongoing pullback.

Analysts remain bullish on DDOG stock and expect shares to gain over 50% in the next 12 months.

MongoDB

The final cloud stock on my list is **MongoDB** (NASDAQ:MDB), a database specialist valued at US$12.6 billion by market cap. Trading almost 70% below all-time highs, MDB stock has increased its revenue from US$267 million in fiscal 2019 to US$874 million in fiscal 2022 (ended in January). Wall Street expects sales to surge over US$1.5 billion in fiscal 2024.

Currently, enterprise data is hosted across different systems, making it difficult to integrate data seamlessly. To simplify the process, MongoDB offers solutions to ensure efficient data migration.

Its enviable sales growth will enable MongoDB to improve its profit margins and post adjusted earnings per share of US$0.12 in fiscal 2024, compared to a loss of US$0.59 per share in fiscal 2022. Valued at 10.5 times forward sales, MDB stock trades at a discount of 80% compared to consensus price target estimates.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DDOG (Datadog Inc.)
2. NASDAQ:MDB (MongoDB)
3. NYSE:SNOW (Snowflake Inc.)

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