



## 3 Growth Stocks Down 25% to 75% I'd Buy Today

### Description

Growth stocks, primarily of the companies that are still not profitable, disappointed in 2022. Several TSX growth stocks lost about 25% to over 75% of their value year to date. While this pullback is painful, it is an opportunity to invest in some of these high-quality growth stocks and gain from the recovery in their prices.

Against this backdrop, let's look at three growth stocks that are down by at least 25% to 75% but have the potential to deliver superior returns in the medium to long term.

### goeasy

Down about 37% year to date, **goeasy** ([TSX:GSY](#)) stock is a must-have growth stock in a long-term portfolio to beat the broader market averages by a wide margin. It provides leasing and lending services to subprime consumers. It has consistently delivered stellar growth (its revenues and adjusted earnings per share have increased at an average annualized growth rate of 15.9% and 29.1% between 2011 and 2021).

Further, in the first half of 2022, goeasy delivered a 30% growth in its top line. Meanwhile, its adjusted net income increased by 15%.

goeasy's stellar growth is driven by the continued expansion of its loan portfolio, stable credit quality, and strong payment volumes. Further, management is confident about growing its top line at a double-digit rate, supporting its bottom-line growth in the coming years. Loan growth, a large addressable market, its wide product range, and omnichannel offerings will support its growth.

The decline in goeasy stock, despite the company's strong financial performance, suggests that the pullback is unwarranted, and an improvement in the economy will significantly boost its stock price. Further, goeasy is a solid [Canadian dividend stock](#) (it is a Dividend Aristocrat), and its growing earnings base indicates that it could continue to enhance its shareholders' returns by consistently increasing its dividend.

## Docebo

Like goeasy, **Docebo** ([TSX:DCBO](#)) stock lost substantial value (down over 58%) this year, despite strong financial performance. However, unlike goeasy, Docebo has no consistent history of profitable growth, which weighed on this [tech stock](#).

Nevertheless, Docebo is benefitting from higher annual recurring revenues (increased by 48% in the second quarter), led by a growing enterprise customer base, an increase in average contract value, and a high retention rate. Further, it has positive free cash flows, which is encouraging.

Looking ahead, Docebo's increasing deal size, increased revenues from existing customers, and improved sales and marketing productivity would help the company turn profitable. Further, strategic acquisitions and product expansion will likely accelerate its growth.

Shares of this corporate e-learning platform provider are trading at a forward enterprise value-to-sales multiple of four, which is even lower than pre-pandemic levels of seven, implying a solid opportunity for buying.

## Shopify

**Shopify** ([TSX:SHOP](#)) stock has declined throughout this year and is down over 75% year to date. This massive correction in Shopify stock follows the general market selling tech stocks, a slowdown in growth amid a normalization of its growth rate, and weak economic conditions triggering fear of a recession.

The correction in Shopify stock presents an attractive opportunity to buy cheap. Further, Shopify's fundamentals stay solid, implying it could bounce back quickly, as the economic conditions improve. The internet commerce platform provider has made significant investments in its sales and marketing, POS (point of sale), and fulfillment offerings, which positions it well to capitalize on the ongoing digital shift in selling models.

Shopify faces easier comparisons in the coming quarters. Moreover, increased adoption of its payments and capital offerings bode well for growth. Its acquisition of Deliverr will strengthen its fulfillment, while partnerships with social media platforms drive more merchants to its platform. Overall, Shopify is poised to deliver solid growth in the coming years.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:GSY (goeasy Ltd.)
3. TSX:SHOP (Shopify Inc.)

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