2 Potentially Explosive Stocks to Buy in November 2022

Description

Growth stocks have experienced a bloodbath in 2022 due to extremely challenging macroeconomic conditions and their steep valuations. While investing in bear markets is tough, it also provides investors the chance to create generational wealth. You can now buy a plethora of stocks across sectors at a discount.

Historically, an average bear market has lasted for fewer than 300 days and is eventually replaced by a bull market. It's the perfect time to identify quality companies with strong balance sheets and enticing future prospects.

I can think of two such potentially explosive bets that can outpace the broader markets in the next year. Let's see how.

A Canadian retail giant

One of Canada's largest retail companies, **Canada Goose** (TSX:GOOS) is valued at a market cap of $2.63 billion. The company recently announced its results for the fiscal second quarter (Q2) of 2023 and reported revenue of $277.2 million, an increase of 19% year over year. Comparatively, its adjusted earnings rose by 69.2% to $0.22 per share.

However, the high-end retailer also cut its revenue forecast for fiscal 2023 (ending in March) from $1.4 billion to between $1.2 billion and $1.3 billion, driving shares significantly lower.

Canada Goose stock is currently trading 73% below all-time highs and has gained 16% since its initial public offering in early 2017. Comparatively, the TSX index is up close to 60% in this period after adjusting for dividends.

The holiday season is extremely crucial for Canada Goose, and the company is forecast to increase sales by 6.7% to $625.3 million in fiscal Q3.

Despite its tepid outlook, GOOS stock is priced at 2.2 times forward sales and a price to 2023 earnings of 17, which is very reasonable. Analysts expect Canada Goose to increase its adjusted earnings by 28.2% annually in the next five years, showcasing that the retail giant enjoys significant pricing power.

Canada Goose remains optimistic about its brand value and sees a long runway of profitable growth in the future. It has successfully increased its direct-to-consumer mix, allowing the company to expand its profit margins, product offerings, and penetration in key markets.

A pet retailer

One of Canada's largest pet food and pet supplies retailers, **Pet Valu** (TSX:PET) is also among the top-performing stocks on the TSX this year. While the TSX index is down 3% year to date, Pet Valu shares have gained over 4%. Further, Pet Valu stock went public in June 2021 and has returned 43.5% to investors in less than 18 months.

Pet Valu has more than 700 corporate-owned and franchised outlets in Canada and sells over 7,000 products in the country. Valued at $2.63 billion by market cap, Pet Valu has increased its sales from $529 million in 2018 to $776 million in 2021.

Analysts now expect sales to surge over $1 billion in 2023, indicating a price-to-forward sales multiple of 2.6. Its adjusted earnings per share are also forecast to rise to $1.66 in 2023, translating to a price-to-earnings multiple of 22.5, which is very cheap for a profitable growth stock.

Pet Valu aims to increase online sales in the long term and increase its retail store count to more than 1,200 over time. Analysts remain bullish on the stock and expect Pet Valu shares to rise 20% in the next year.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:GOOS (Canada Goose)
2. TSX:PET (Pet Valu Holdings Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date
2025/08/12
Date Created
2022/11/15
Author
araghunath