3 Growth Stocks Down 35-70% to Buy Now and Hold Forever

Description

Growth stocks can grow their revenue and profits higher than the industry average. So, these companies tend to deliver higher returns. However, they require higher capital to fund their growth initiatives. In a higher interest rate environment, these stocks become less desirable. That's because high-interest rates increase borrowing costs, thus impacting their profits and lowering long-term discounted cash flows. Unsurprisingly, these companies have witnessed considerable selling over the last few months.

However, with October inflation numbers in the United States coming in lower than expected, the Federal Reserve could ease some of its monetary tightening measures. Amid the improving market environment, here are three top growth stocks that you can buy at a discount of 35%-70% from their 52-week highs.

Nuvei

Nuvei (TSX:NVEI), which offers full-stack digital payment services to businesses across industries, would be my first pick. The weakness across the technology space and an expectation of slower growth has hit technology stocks. Likewise, this Canadian fintech company has lost around 70% of its stock value compared to its 52-week high.

Meanwhile, Nuvei has continued to deliver solid quarterly earnings. In the recently reported Q3 results, revenue grew by 7%. However, removing the negative impact of currency translation, its topline grew by 13% amid solid volume growth of 38%. New customer acquisitions, geographical expansion, and continued investment in developing innovative products drove its growth. Adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) increased by $0.3 million to $81.2 million.

Nuvei has strengthened its architecture and infrastructure to support higher transactions and enable its customers to expand to newer markets. It also accelerated its marketplace offering by launching “Nuvei for Platforms.” The highly customizable solution supports multiple functionalities through a single integration. Also, the company has expanded its online gaming footprint in the United States bywinning gaming licenses in Maryland and Kansas.

So, given its solid third-quarter performance and healthy growth prospects, Nuvei’s management has raised its 2022 guidance while maintaining its medium-to-long term targets. Nuvei, which currently trades at a juicy NTM (next 12 months) price-to-earnings multiple of 16.4, looks like an excellent buy as the market rebounds.

WELL Health Technologies

Second on my list would be a Canadian telehealthcare company, **WELL Health Technologies** (TSX:WELL). WELL is down around 54% compared to its 52-week highs. However, the company has continued to deliver solid performance. Notably, revenue came in at a record $145.8 million in the September-ending quarter.

Supported by organic growth and strategic acquisitions over the previous four quarters, the company’s top line grew by 47%. The revenue from its virtual services grew by 191% to $52.2 million. Overall, WELL services had 1.25 million patient engagements during the quarter, thus representing an annual run rate of 5 million. Along with topline growth, the company also expanded its adjusted EBITDA, which grew by 23% to $27.5 million. Additionally, it generated free cash flow of $11.4 million during the quarter.

Further, WELL Health’s management has raised its revenue guidance for this year by $15 million to $565 million while hoping to reach a revenue run rate of $700 million by the end of 2023. So, given its discounted stock price and high-growth prospects, it’s worth asking: Does WELL Health belong in your long-term portfolio?

goeasy

goeasy (TSX:GSY), a subprime lender, would be my final pick. Despite witnessing strong buying since the beginning of last month, the company still trades around 39% lower than its 52-week high. Its valuation also looks attractive, with its NTM price-to-earnings standing at 9.1.

In the recently reported third quarter, goeasy generated a record loan origination of $641 million, increasing its loan portfolio to $2.59 billion. Supported by its record loan origination, the company’s top line grew by 19.3% while its adjusted EPS (earnings per share) increased by 9% to $2.95. It also generated a record free cash flow of $96 million during the quarter. Further, management has maintained its medium-term outlook, projecting its loan portfolio to reach $4 billion by the end of 2024.

Further, goeasy has been paying dividends for the last 18 years while raising the same for the previous eight consecutive years. It currently pays a quarterly dividend of $0.91/share, with its yield currently at 3%. So, considering all these factors, I am bullish on goeasy.

CATEGORY

1. Investing

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2. TSX:NVEI (Nuvei Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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1. Investing

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