3 Growth Stocks I'd Buy Under $30

Description

What attracts the most about stocks is that you don't require significant upfront cash to start your investment journey. Even a small dollar investment at regular intervals in top TSX stocks can help you build substantial wealth in the long term. Further, due to the selloff in 2022, several high-growth Canadian stocks are trading cheap, presenting an opportunity for buying and holding them for the long term.

If you have surplus cash and don't require it for emergencies, consider taking long positions in the following three TSX stocks. These Canadian corporations have solid fundamentals that would help them navigate the current macro challenges. Meanwhile, an improvement in the economy will push these stocks higher. Let's begin.

Lightspeed

The selling in technology stocks, a short-seller report, and macro weakness weighed on **Lightspeed** (TSX:LSPD). Its stock plunged over 74% in one year. This selloff in Lightspeed stock presents an excellent buying opportunity.

My bullish view is supported by multiple factors indicating a steep Lightspeed stock recovery. The first and most obvious one is Lightspeed's valuation. The stock is trading at a next 12-month enterprise value/sales multiple of two, which is almost at an all-time low and makes it incredibly cheap.

While this under-$30 stock looks attractive on the valuation front, its decision to sell only two core products (Retail and Restaurant) and focus on streamlining operations through integrating all of its acquisitions in one brand bodes well for growth. The move will help improve its go-to market, enhance productivity, and help the company reach profitability.

Also, its focus on high-value customers will lead to lower churn and increase average revenue per user (high-value customers can adopt multiple modules), driving its margins. Further, the increased penetration of its payment solutions will support transaction-based revenues and enhance margins.

Overall, its low valuation, focus on improving sales and margins, and accretive acquisition bodes well for growth and could lead to recovery in its share price.

WELL Health

Due to the considerable selloff, **Well Health** (TSX:WELL) is now a penny stock. While market participants dumped WELL Health stock, the company has consistently delivered strong financial performance, despite tough comparisons. Further, it is profitable and has raised its guidance four times in 2022. WELL Health's solid growth and low stock price make it an attractive long-term bet.

WELL Health is poised to gain from continued growth in omnichannel patient visits. Moreover, its high-margin virtual services businesses are growing rapidly. Also, the company's business has remained immune to the macro and geopolitical challenges in 2022, and management is confident that the momentum in its business will sustain.

Overall, the ongoing momentum in its business, profitable growth, and discounted share price support my bullish outlook.

Absolute Software

The ongoing digital transformation and increased cybersecurity threats are driving demand for **Absolute Software's** (TSX:ABST) security products and, in turn, its stock price. The company benefits from its growing enterprise and government customer base, which has driven its annual recurring revenues at a double-digit rate.

Further, it has consistently delivered solid adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) growth. For instance, its adjusted EBITDA has increased at an average annualized growth rate of 57% since 2018.

The secular industry trends, large addressable market, and predictable revenue model augur well for growth. Further, strategic acquisitions, cross-selling opportunities, new customer wins, and expansion into new markets bode well for growth.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:WELL (WELL Health Technologies Corp.)

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snahata