Buy These 2 Growth Stocks on the Dip

Description

Growth stocks have certainly gone out of favour recently. After many of them reached new highs last year, the market correction took them all down a notch. Even the great ones were hit, as there's usually no escaping broad market sell-offs. But the good new is this – there are many growth stocks today that are simply too cheap.

Here are two growth stocks to buy as they dip into negative territory.

Waste Connections: Strong growth driving 11% dividend raise

Being one of the largest integrated solid waste services companies in North America has its advantages. **Waste Connections Inc**. (TSX:WCN) has built itself up to this point by being the consolidator in this fragmented market. This has, in fact, resulted in rapidly rising revenues, but also rapidly rising margins and efficiencies.

In its latest quarter, Q3 2022, Waste Connections reported an 18% rise in revenue to $1.9 billion. Similarly, adjusted EBITDA increased more than 16%. These results highlight the strength of the waste market and of Waste Connection's operational performance and strategy. They were above expectations across the board.

While Waste Connections' stock price has performed exceptionally well over the long-term, it has taken a slight hit since October, down 5%. This dip is very minor, but it's something to keep our eye on. I mean, Waste Connections has been trading at premium valuations – deservedly so. However, despite this and the strong numbers that the company continues to post, I would rather buy the stock on a dip.

At its latest earnings announcement, the company increased its revenue and EBITDA estimates, reflecting the strong quarter. Furthermore, the dividend was raised by 11%. Waste Connections is surely one of the best growth stocks to buy on a dip.

Well Health Technologies stock has already dipped

Well Health Technologies Corp. (TSX:WELL) is an omni-channel digital health company. It offers digital healthcare solutions for medical clinics and health practitioners globally. It's also Canada's largest outpatient medical clinic owner/operator and leading telehealth service provider.

As we have all experienced first hand at some point, the health care system is on a path to digitization. This is a move that's been a long time coming. Today, Well Health Technologies is a driving force in this digital revolution.

The evidence of this is in Well Health's results, which continue to beat expectations. For example, in its latest quarter, revenue surged 47%. Also, EBIDTA increased 23%, and adjusted EPS increased 40%. This growth was driven by acquisitions as well as organic growth. Year-to-date results look even better. Revenue for the first nine months of 2022 increased 121%, and adjusted EBITDA increased 130%.

Despite this performance, Well Health stock has fallen 41% year to date – the dip is already here for this growth stock. Yet Well Health continues to increase its expectations. For example, the company recently increased its revenue and adjusted EBITDA guidance. 2022 revenue is now expected to be 89% higher than last year.

Of note is the fact that Well Health's stock and business have been immune to the economic shocks that we have experienced in 2022. This comes as no surprise as the health care sector is pretty defensive. Going forward, I expect the long overdue digitization of the health care sector to continue to make this sector more defensive. Digital health brings efficiencies, cost savings, and better patient outcomes. Economic troubles likely won't deter investment in technology in this sector, as the benefits far outweigh the costs.

CATEGORY

1. Investing
2. Tech Stocks

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1. TSX:WCN (Waste Connections)
2. TSX:WELL (WELL Health Technologies Corp.)

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