



End-of-2022 Deal: 3 TSX Stocks More Than 50% Off

Description

This year has been a roller coaster ride for equity investors as high inflation, rising interest rates, and geopolitical tensions have weighed on investors' sentiments. The **S&P/TSX Composite Index** is down over 12% from its 52-week high. However, the following three stocks have witnessed more selling, losing over half their stock values. The steep pullback has created an enticing entry point for long-term investors, given their healthy growth potential and [cheaper valuation](#).

Lightspeed Commerce

Lightspeed Commerce ([TSX:LSPD](#)) is a technology company that offers omnichannel commerce solutions to small- and medium-scale businesses (SMBs) worldwide. The expectation of growth slowing down due to an uncertain outlook and rising interest rates have dragged the company's stock price down. It has lost 66.7% of its stock value compared to its 52-week high while dragging its NTM (next 12 months) [price-to-sales](#) and price-to-book multiples down to 2.5 and 0.6, respectively.

Meanwhile, SMBs are automizing their day-to-day activities and utilizing technology to enhance their customer experience and generate compelling data insights. These initiatives have created long-term growth potential for Lightspeed. Besides, the company is launching new innovative products and expanding its geographical presence. These initiatives have helped it increase its customer base and average contract value. The company could also benefit from the growing reach of its payment solutions. Given its growth prospects and cheaper valuation, I expect Lightspeed's stock price to triple over the next five years.

Algonquin Power & Utilities

Second on my list would be a utility and renewable energy company, **Algonquin Power and Utilities** ([TSX:AQN](#)). AQN has lost close to 55% of its stock value compared to its April highs. Weak third-quarter performance and rising interest rates have lowered the company's stock price. Investors fear that the rising interest rates could increase the company's interest expenses, as it is involved in a capital-intensive business.

However, the company's long-term growth potential looks healthy. It is working on closing the acquisition of Kentucky Power under new terms, which would lower the purchasing price by US\$200 million. Additionally, it is developing various renewable facilities, which could increase its power-producing capacity by 640 megawatts. Despite its healthy growth prospects, the company trades at 9.5 times its projected earnings for the next four quarters. Also, its dividend yield for the next four quarters stands at 10.2%. So, despite the near-term volatility, I believe Algonquin Power would be a stellar buy right now.

Dye & Durham

Dye & Durham ([TSX:DND](#)), which offers cloud-based legal practice management software, rose 9.9% on Friday amid the announcement of its \$150 million share repurchase program. Despite the surge, the company is still trading at a discount of 66.4% from its 52-week high. The expectation that rising interest rates could slow down real estate activities and lower its revenue from the segment has led to substantial selling. The sell-off has reduced its price-to-book multiple to an attractive 1.4.

Meanwhile, Dye & Durham has grown its topline at an impressive rate of 121% over the last three years while maintaining its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) margin above 50%. In the first quarter of fiscal 2023, which ended on September 30, the company's revenue grew by 7% while its adjusted EBITDA rose by 3% to \$64.4 million. Also, the company has expanded its offerings by allowing its customers to access an automated document generation platform, ACL. ACL will allow lawyers to access more than 3,500 court documents.

Despite the near-term volatility, I expect Dye & Durham to deliver solid performances in the coming years, given its solid track record and healthy growth potential. So, I expect the company to outperform over the next three years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AQN (Algonquin Power & Utilities Corp.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:LSPD (Lightspeed Commerce)

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