Have $500? 2 Absurdly Cheap Stocks Long-Term Investors Should Buy Right Now

Description

Canadian stocks, primarily from the technology sector, lost substantial value as investors turned risk averse amid persistently high inflation and rising interest rates. Thanks to the selloff, shares of several top companies are trading absurdly cheap, providing a solid buying opportunity for investors with a long-term outlook.

If you can spare $500 to invest in stocks, consider investing in **Lightspeed** (TSX:LSPD) and **WELL Health** (TSX:WELL) right now. Let's look at the factors that make these stocks a solid long-term investment.

Lightspeed has multiple growth catalysts

Lightspeed offers commerce-enabling platform. Given the selloff in its shares, it is trading at a next 12-month enterprise value-to-sales multiple of 2.3, which is at a multi-year low. While Lightspeed stock is trading incredibly cheap, the momentum in its business has sustained due to an ongoing shift towards omnichannel selling platforms.

As more and more retailers and restaurant operators expand to new locations and modernize their point-of-sale, or POS, platform, the demand for Lightspeed's products will likely remain high.

Furthermore, the company is enhancing its go-to-market approach and focusing on selling only two core products (targeted toward retailers and restaurateurs). This will help streamline operations and achieve profitability. Also, it prioritizes customers with high gross transaction value. This will drive its average revenue per user as a high-value customer have the capability to use Lightspeed's multiple modules. Also, it leads to lower churn.

Lightspeed is also expected to benefit from the growing penetration of its Payments solutions. Additionally, its focus on acquisitions will likely accelerate its growth by adding more customerlocations and expansion of products.

Overall, Lightspeed's low valuation, strong organic sales growth, multiple growth catalysts, and secular sector trends position it well to deliver outsized returns in the long term.

WELL Health stock is too cheap to ignore

Investors dumped WELL Health stock on fears that an economic reopening will erode demand for its offerings. However, that didn't happen. Instead, WELL Health continued to deliver stellar sales and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) growth in 2022 and raised its financial outlook several times. Also, the business of this digital healthcare company remained immune to the macro headwinds.

For instance, its top line increased by 47% in Q3 (third quarter). Meanwhile, adjusted EBITDA jumped 23% year over year. What stands out is that its high-margin virtual services registered an organic growth of 75% in Q3 and is now the biggest segment from a revenue standpoint. This is important, as the growing mix of virtual services revenue bodes well for profitability.

Looking ahead, WELL Health will likely deliver solid organic sales and margins on the back of higher omnichannel patient visits and momentum in its virtual services business. Meanwhile, its focus on strategic acquisitions will accelerate its growth rate.

WELL Health is growing rapidly and has consistently delivered positive adjusted EBITDA in the past several quarters. Meanwhile, its stock is trading absurdly cheap, providing an excellent entry point. WELL Health stock is trading at enterprise value-to-sales multiple of 1.9, which is too cheap to ignore.

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