



3 Growth Stocks Down Over 50% That Are Screaming Buys in January 2023

Description

With inflation cooling down, investors believe that the monetary tightening initiatives undertaken by central banks are yielding the desired results. Amid this optimism, the **S&P/TSX Composite Index** has increased by 6.2% year to date. Despite the recent recovery, the following three [growth stocks](#) are trading at an over 50% discount compared to their 2021 highs. The beginning of the recovery rally offers the opportunity to still buy them on the dip. Investors can start accumulating these stocks to earn superior returns over the next three years.

Lightspeed Commerce

Amid the renewed interest in growth stocks, **Lightspeed Commerce's** ([TSX:LSPD](#)) stock price has risen 20% year to date. Despite the recent surge, it still trades at a discount of around 86% from its all-time high. Notably, its valuation looks attractive, with its NTM (next 12 months) price-to-sales multiple and price-to-book multiples standing at 3.2 and 0.8, respectively.

Meanwhile, the demand for Lightspeed's products and services is rising with the increased adoption of omnichannel selling and growing penetration of internet services. Notwithstanding the challenging environment, the company's gross transaction value and revenue grew by 18% and 38%, respectively, in the September-ending quarter. With the launch of its flagship products, I expect the uptrend to continue.

Besides, with the intent to improve its profitability, Lightspeed is focusing on unifying its recently acquired companies and products. This initiative could improve its efficiency while allowing the company to slash 10% of its headcount. So, considering its growth initiatives and discounted stock price, I expect Lightspeed's stock price to double over the next three years.

WELL Health Technologies

WELL Health Technologies ([TSX:WELL](#)), a digital healthcare company, has also witnessed substantial buying this year, with its stock price rising by 22.2%. However, it still trades around 63%

lower than its all-time high. Further, its NTM price-to-earnings stands at 13.7. This still looks cheap for a company operating in a sector that could grow at an annualized rate of 24% through 2030.

In its recently reported third quarter, WELL Health's revenue grew by 47% to \$145.8 million while driving its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) by 23% to \$27.5 million. Solid organic growth in its virtual services segment and strategic acquisitions drove its financials. Meanwhile, the company is strengthening its footprint in the United States and Canada, which could boost its growth in the coming years.

The company's management expects its revenue run rate to reach \$700 million by the end of this year, representing 20% growth from its current levels. So, considering its high-growth prospects and cheaper valuation, I expect WELL Health to deliver multifold returns over the next five years.

Docebo

Another growth stock that has lost over half its stock value is **Docebo** ([TSX:DCBO](#)), a provider of learning management solutions (LMS). With the easing of pandemic-induced restrictions, investors feared that the company's growth could slow down. Besides, rising interest rates and an expensive valuation have weighed on the company's stock price.

However, the adoption of LMS is increasing due to its cost-effectiveness and convenience. *Markets and Markets* projects the LMS market to grow at a CAGR (compound annual growth rate) of around 19% over the next three years. Given its multi-product learning suite, the company can benefit from market expansion.

Docebo enjoys higher customer retention, while its average contract value has increased fourfold since 2016. It also posted a positive adjusted EBITDA in its September-ending quarter, ahead of schedule. So, given its improving financials, healthy growth prospects, and discounted stock price, I am bullish on Docebo.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:WELL (WELL Health Technologies Corp.)

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Date

2025/06/27

Date Created

2023/01/31

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