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Three Deceptively Cheap Growth Stocks

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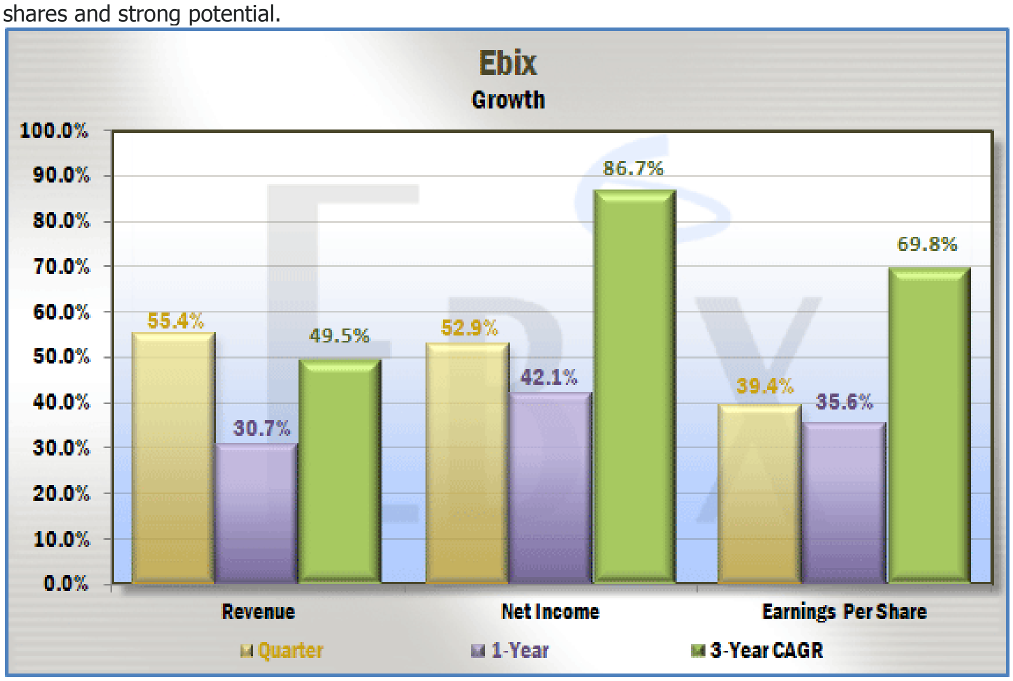
BOSTON (TheStreet) -- Growth stocks typically command a premium. Here are three that offer the rare combination of cheap shares and strong potential.



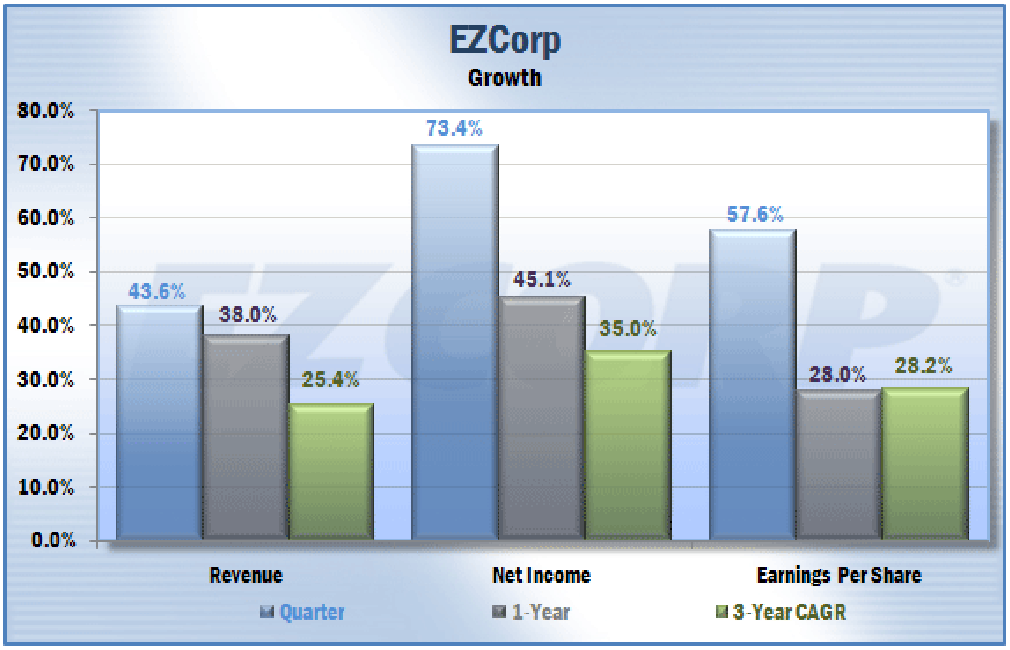
3. Ebix(EBIX) designs software for the insurance industry. Based in Atlanta, Ga., Ebix derives 80% of its revenue from recurring customers and boasts a 99% retention rate. Its growth rates, seen above, trump those of peers.

Quarter: Fourth-quarter net income jumped 53% to $12 million and earnings per share rose 39% to 31 cents, hurt by a higher share count. Revenue grew 55%. Ebix's net margin hit 39%. The company has $21 million of cash and $52 million of debt.

Stock: Ebix has more than doubled during the past year, outpacing major U.S. indices. The stock trades at a price-to-projected-earnings ratio of 13 and a price-to-book ratio of 3.4, reflecting 43% and 31% discounts to peers.

Consensus: Of analysts following Ebix, two advise purchasing its shares and one recommends holding them. **Northland Securities** offers the loftiest price target, expecting the stock to advance 27% to $21.50. **Singular Research** is also bullish. **2. EZCorp**(EZPW) runs pawn shops and makes short-term loans. During the past three years, it has boosted revenue 25%

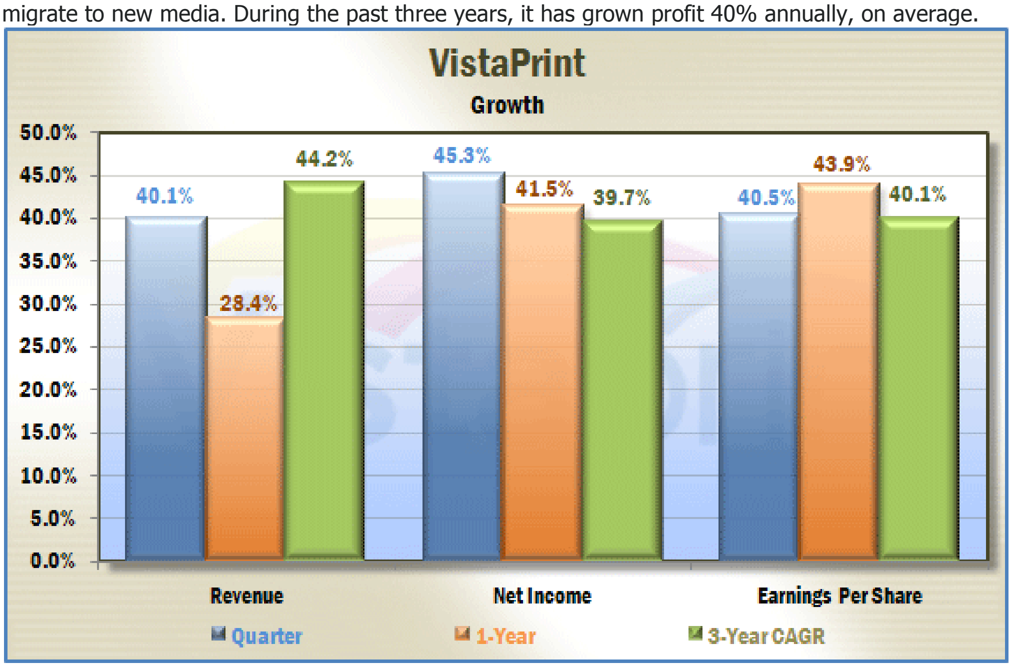
annually, on average.



Quarter: Fiscal first-quarter net income soared 72% to $26 million and earnings per share increased 58% to 52 cents. Revenue climbed 44%. The operating margin extended from 17% to 21%. EZCorp holds $17 million of cash and $33 million of debt.

Stock: EZCorp has doubled during the past year, beating benchmarks. The stock sells for a PEG ratio, a measure of value relative to expected long-term growth, of 0.5, 96% less than the industry average. A PEG ratio of less than 1 indicates cheap shares.

Consensus: Of researchers evaluating EZCorp, eight, or 89%, rate its stock "buy" and one rates it "hold." **Stephens** and **Roth Capital Partners** expect the shares to gain 28% to $27. The shares have returned 9.9% annually, on average, since 2007. **1. VistaPrint**(VPRT) provides online marketing and custom printing to small businesses. VistaPrint is profiting as small businesses migrate to new media. During the past three years, it has grown profit 40% annually, on average.



Quarter: Fiscal second-quarter profit increased 45% to $27 million, or 59 cents a share, as revenue rose 40% to $195 million. The operating margin inched up from 15% to 16%. VistaPrint has $159 million of cash and $6 million of debt.

Stock: VistaPrint has surged 140% during the past year, more than U.S. indices. The stock trades at a PEG ratio of 0.7, indicating a 52% discount to the industry average and a bargain relative to expected long-term growth.

Consensus: Of firms covering VistaPrint, nine, or 64%, advocate buying its shares, four suggest holding and one recommend selling them. **Jefferies** expects the stock to appreciate 13% to $70. **Citigroup**(C) and **Goldman Sachs**(GS) also rate the stock "buy."

-- Reported by Jake Lynch in Boston.
