



Better Buy: Lightspeed (TSX:LSPD) vs. Aurora Cannabis (TSX:ACB)

Description

Cannabis stocks have become a go-to choice for Canadian investors seeking market-beating returns.

With stocks like **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB) having risen over 1,000% since their IPOs, they've made many investors wealthy. However, as anyone who bought marijuana stocks this summer will tell you, they come with a downside: volatility.

While it's possible to make money in marijuana bull markets, you can also lose money by panic selling on a downswing. And unfortunately, with extremely high-beta coefficients, there are plenty such downswings to contend with.

The good news is that marijuana stocks aren't the only growth stocks you have to choose from. There are many TSX tech stocks that are beating the market too, and in many cases, they are less volatile than weed stocks.

Case in point: **Lightspeed POS** ([TSX:LSPD](#)). A POS software company, it has risen more than 80% this year — beating all Canadian weed stocks over the same period.

If you're still not sure whether weed stocks or tech startups are right for you, here's a side-by-side comparison of Lightspeed and Aurora Cannabis — two stocks that are typical of their sectors.

The case for Lightspeed

Lightspeed POS is a high-growth tech stock that's not too far away from being profitable. In its most recent quarter, it [grew its revenue by 36% year over year](#) and revealed that it was processing \$13 billion worth of transaction volume, with customers in 100 countries. That's an impressive amount of business for a such a young company.

However, the enormous number of transactions Lightspeed is processing isn't the most impressive thing about it. Rather, the most impressive thing its profit prospects.

In its most recent quarter, Lightspeed posted a net loss of just \$9 million on revenue of \$24 million. That means the company's loss was only 37.5% of revenue, putting it within striking distance of profitability.

The case for Aurora Cannabis

The main case for Aurora Cannabis is growth. Although Lightspeed's 36% revenue growth rate is pretty strong, it's nothing compared to Aurora's astonishing [629% year-over-year](#) jump.

Aurora has benefited massively from marijuana legalization, a one-time event that gave it a sudden sales boost. As legalization moves further into the rear-view mirror, Aurora's revenue growth will likely slow.

However, even before legalization, it was routinely growing at 50 to 100% year over year, so it probably has Lightspeed beaten on growth for the foreseeable future.

Foolish takeaway

Marijuana and tech are two of the highest-growth sectors in the world right now, with marijuana in particular growing at unbelievable rates. Although tech stocks don't offer quite the same growth that weed stocks do, they're much less volatile, and while many of them are losing money, the losses aren't quite as bad as what we see with weed stocks.

As you've seen in this article, Aurora has an edge over Lightspeed on growth, while Lightspeed has an edge over Aurora in profit prospects.

These two companies are good stand-ins for their respective industries, so this comparison may help you decide whether weed stocks or tech stocks belong in your growth portfolio.

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1. Cannabis Stocks
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Date

2025/08/24

Date Created

2019/09/15

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