



Forget Weed Stocks: This Tech Stock Is Set to Explode Soon

Description

As a relatively new player in the stock market, the legal marijuana industry is booming. The global legal marijuana market size is expected to reach US\$66.3 billion by 2025, according to analysts at Grand View Research. While it might be a significant figure, the increasing legalization of marijuana across the world suggests that such a valuation is possible.

Canada legalized the use of recreational marijuana in October 2018. The move sent Canada-based cannabis producers soaring to new heights. Cannabis producers took the opportunity to leverage the sharp increase in the legal weed industry's boom and launched successful IPOs. One of the most well-known [IPOs](#) for the weed industry was **Aurora Cannabis** ([TSX:ACB](#))([NYSE:ACB](#)).

Aurora's IPO launch

On October 22, 2018, one of Canada's largest weed producers was launched at the NYSE. The Edmonton-based ACB became the third-largest cannabis company to go public in the U.S., following in the footsteps of **Tilray** and **Canopy Growth**.

Aurora is one of the largest pot companies in Canada now with a valuation of \$8.68 billion (at the time of writing). The price of a share is a meagre \$8.51, which may seem like an excellent opportunity for you to buy in to the weed industry. But, I would urge you to reconsider and look at another company from a different sector.

Aurora's growth is not what it was in 2016. As of last month, the cannabis producer was up 28% considering the year-over-year growth. In the same period, **Lightspeed POS** ([TSX:LSPD](#)) grew 155%.

Why Lightspeed is a lucrative opportunity

Lightspeed is a tech company that has nothing to do with the weed industry. The company operates point of sales systems for medium-sized enterprises, and saw massive growth between 2014 and 2018.

From being an unknown tech company to a Canada-based tech favourite, investors are considering whether Lightspeed might be the next **Shopify**. The company is carving out a niche in the point-of-sale (POS) market segment and has over 50,000 customers in more than 100 countries. Providing a scalable and one-stop solution to clients, Lightspeed is definitely on the rise for the foreseeable future.

Lightspeed traded at \$20 a share, and, at the time of writing, the stock has a value of \$34.17. The highest that the stock went was \$49 back in August. I believe the current valuation makes the stock a steal for investors.

Growth remains solid

Analysts expect sales for [Lightspeed](#) to grow by 46.2% to \$113.25 million in fiscal 2020, which ends in March. The company itself expects sales to rise by 48.3% to reach \$168 million by the end of 2021.

While the stock reached an all-time high at \$49.7 and significantly dropped in value recently, this can present you with an opportunity to buy Lightspeed stocks while the price is a little more affordable.

However, there are a few essential things for you to consider. The company does not have debt. Lightspeed has carved out the perfect place for itself in the POS market segment, and the tech market is a profitable industry right now. If you are looking for a tech growth stock to add to your portfolio, Lightspeed is a stock you need to watch closely.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ACB (Aurora Cannabis)
2. TSX:ACB (Aurora Cannabis)
3. TSX:LSPD (Lightspeed Commerce)

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