



The 3 Best Canadian Tech Stocks of 2019

Description

Historically, the **TSX** hasn't been home to many high-flying tech stocks. Sure, there have been some hidden gems here and there, but for the most part, Canadian tech companies have lagged behind their U.S. counterparts. While U.S. tech giants like **Apple** and **Alphabet** have grown into nearly trillion dollar behemoths, Canadian tech startups haven't produced quite the same results. Or at least that's been the case until recently.

With the rise of startups like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed POS Inc** ([TSX:LSPD](#)), the Canadian tech scene is finally starting to come into its own. Although none have joined the trillion dollar club yet, a few are growing at such a pace they seem predestined for it. The following are just three of the most promising of the bunch.

Shopify

Shopify is by far the trendiest and most widely known of all Canadian tech companies. With a \$43 billion market cap, it's valuable enough to match the level many FAANG stocks were at 10 years ago. Since its IPO, Shopify has risen more than 1,000%, and while it has taken a beating lately, it is still a winning ticket for those who got in early.

What has driven Shopify's unprecedented returns?

One word:

Growth.

Since its IPO, Shopify has been a growth superstar, consistently increasing its revenue by high double digits, year over year. Granted, there are marijuana stocks that are growing even faster, but unlike weed stocks, Shopify has the advantage of profitability.

In terms of *adjusted* earnings, the company is already profitable, and in terms of *GAAP* earnings, it's not far off the mark. In its most recent quarter, Shopify's operating loss was only 11% of revenue,

showing that the company is just a stone's throw away from being fully profitable.

Lightspeed

Lightspeed is a point-of-sale company that lets retail and e-commerce businesses process payments. "Point of sale" traditionally referred to cash register terminals, but has since expanded to include software that provides valuable analytics. Lightspeed is at the forefront of this "POS 2.0" movement, with software that includes supply chain tracking and customer data features. The company bills itself as *"the only retail POS that helps you run your entire business."*

Whether Lightspeed really allows companies to run their entire business remains to be seen. However, it's undeniable that the company's software offers a much more comprehensive set of features than most of its competitors.

Since its IPO, Lightspeed is up more than 80%. The stock's gains have been driven by strong revenue growth; in its first quarter, post-IPO, it [grew sales by 36%, year over year](#).

Kinaxis

Kinaxis Inc ([TSX:KXS](#)) is a company that develops supply chain management software for businesses. Its Rapid Response platform lets businesses synchronize all aspects of their supply chain and predict future scenarios with [advanced AI](#). Founded in 1984, it's one of the oldest tech companies on the **TSX**.

However, that hasn't stopped it from being a strong grower. In its most recent quarter, it grew revenue by 18% and EBITDA by 27%. The company's stock is up 28% this year, making it one of the top performers in the Canadian tech sector.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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Author

andrewbutton

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