



TFSA Investors: Sell Everything Now and Put it in This 1 Stock!

Description

When it comes to coffee from Tim Hortons, I am appalled by people who order a Triple-Triple — that's three creams and three sugars for those coffee consumers that prefer to taste the coffee.

When it comes to stocks, however, triple the stock price is music to my ears! This is a feat that **Lightspeed** (TSX:LPSD) almost accomplished this year when its share price increased from \$18.90 to \$48.61 in a mere five months!

With gains that significant, investors may be wondering if they should be selling shares in other companies and buying up Lightspeed. The answer is YES!

Lightspeed's software allows companies to engage with consumers, manage operations, accept payments and grow their business. It is pretty much the next **Shopify**.

Investors should buy shares of Lightspeed due to the industry it operates in and increasing revenues.

High-growth industry

One of Lightspeed's primary offerings is its point-of-sale system. The reason why investors should be excited with this is because the point-of-sale industry is expected to be worth \$108 billion by 2025.

The industry is currently growing at a compounded annual growth rate of 7.8%, which is significant.

With just a 5% market share of the point-of-sale industry, Lightspeed's market capitalization can easily be worth in excess of \$5 billion. Given its current market capitalization of \$2.6 billion, its share price has an implied value of \$60 or more!

The company's other offering is Software as a Service (SaaS), which is an industry poised to reach a \$186 billion market size by 2024.

Through Lightspeed's many offerings in high-growth industries, investors should expect [significant growth potential](#)

for the company, as it captures an increasing market share of the point-of-sale and SaaS markets.

Increasing revenues

Although I tend to evaluate a company based on its net income and operating cash flows, Lightspeed's focus on innovation makes it unfair to judge the company based on net income alone.

Thus, I have decided to [focus on its revenues](#), as the company is in a high-growth industry, which means a successful business should have revenue growth in line with the industry.

Lightspeed's revenue increased from \$31 million in fiscal 2016 to \$77 million in fiscal 2019 for a compounded annual growth rate of 25.54%

This far surpasses the compounded annual growth rate of the point-of-sale industry, which means the company is growing faster than the industry as a whole. This implications of this are two-fold.

Firstly, there is inherently more risk to investing in Lightspeed compared to blue-chip stocks because high growth comes at the cost of no dividends and increased risk.

Secondly, there is the potential for double-digit returns to award investors for assuming more risk, which means in fewer than 52 weeks, there is potential for investors to double their money.

Summary

If you'd invested \$10,000 at Lightspeed's IPO and sold at the peak, you would have made \$15,720!

For those of you who missed out on this opportunity, I believe this stock still has tremendous upside. With the point-of-sale industry poised to grow to \$108 billion by 2025 and the SaaS industry positioned to grow to \$186 billion by 2024, Lightspeed will benefit immensely from this.

The company's increasing revenues are a testament to the fact that it's a growing company.

As a TFSA investor, you would be foolish to not put money into Lightspeed.

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