



Revealed: A TSX Growth Stock Hotter Than Shopify (TSX:SHOP)

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been one of the hottest TSX Index stocks out there. But after soaring as high as 190% for the year, the stock has started to run out of steam, with shares now off 22% from their August highs.

There's no question that Shopify is a [wonderful business](#), but it doesn't matter how "wonderful" a company behind a stock is if you overpay for it.

With shares now taking a breather with a price-to-sales multiple of 24.5 and a now sizeable \$37.5 billion market cap, I think it's a good idea for growth-hungry investors to have a look at some of the smaller, cheaper names in the space that may be more capable of post multi-bagger gains over the next three years.

Without further ado, consider the following hyper-growth play while Shopify stock cools down further (and no, you won't find any marijuana stocks here!):

Enter **Lightspeed POS** ([TSX:LSPD](#)), an e-commerce enabler with a \$2.2 billion market cap. It draws a striking resemblance to Shopify stock during its earlier days, before it skyrocketed in fame and fortune.

Not only is Lightspeed a promising bet on the red-hot field of e-commerce (Lightspeed POS has a platform of its own), but it's also a play of big data and digital payment solutions, two white-hot tech industries that are capable of tremendous growth.

In a [prior piece](#), I'd praised Lightspeed for its value-adding services that "level the playing field" for traditional, non-tech-savvy retailers by allowing them to better compete with their "disruptive e-commerce counterparts."

Lightspeed has a ridiculously high growth ceiling and a management team that's capable of capturing a sizeable chunk of the market. What makes me even more bullish on the name is that it's capable of growing rapidly and profitably.

The company may not be sustainably in the green yet, but given its impressive gross margins in the

early innings of its growth story, I'd say that Lightspeed could evolve to become an earnings-growth king that may find its way into the limelight of the mainstream media at some point over the next three years.

More recently, Lightspeed POS announced the acquisition of an Australian cloud-based POS firm Kounta in a deal worth US\$35.3 million. The move expands the firm's footprint into the Asia-Pacific market, inspiring PI Financial analyst Gus Papageorgiou to raise his price target on the name by a buck to \$39, implying a 27% return from today's levels.

Like Shopify, Lightspeed isn't a cheap stock at 21.4 times sales, but for those seeking next-level growth, such a premium price of admission ought to be expected. The stock is slightly cheaper than Shopify and has a bar that's not quite as high as the one that's been set before Shopify after its recent blowout quarters.

At the time of writing, the stock has dipped 36% from its high. I'd buyer of such a dip if you intend to hold the name for at least a few years.

Stay hungry. Stay Foolish.

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