



## Forget Facebook: This Tech Stock Reported 70% Sales Growth This Past Quarter!

### Description

**Facebook** (NASDAQ:FB) stock is trading near all-time highs and year to date, the stock is up around 15%. But with the stock now trading at more than 30 times its earnings, it's a steep price for a company that in its most recent quarter generated sales growth of just 18%. The stock could very well be at or near its peak.

And as sharply as the stock has risen in recent weeks, shares of Facebook have gone on steep slides in the past as well. For a company that's had problems with adequately protecting and safeguarding user data, all it could take is for another [scandal](#) to send its stock back into a tailspin.

It's a bit of a risky stock to hold right now, which is why now may be an optimal time for investors to cash in their gains from Facebook and invest in a tech stock that may have more potential to generate greater returns.

## Canadian tech stock has been soaring

One stock that's been a standout on the **TSX** since listing on the exchange a little more than a year ago is **Lightspeed POS Inc** ([TSX:LSPD](#)). Shares of the Montreal-based company are up around 90% since its shares first began trading. It's still in its early growth stages. And while it hasn't posted a profit, its sales growth has been through the roof.

The company released its fourth-quarter results on May 21. It reported sales of \$36.3 million — that's an increase of 70% from the prior-year period. What's especially encouraging about the results is that \$31.8 million, or 88% of that revenue, is recurring.

Recurring revenue is phenomenal because it helps make the company's top line a lot more stable and easier to grow. By comparison, a company like Facebook's always having to worry about attracting advertisers. With Lightspeed, once the company's got a customer using its point of sale platform, they're not as likely to move onto another one, unless they're very motivated to change systems. And

changing systems is not something companies want to do, especially during these turbulent times.

While the company acknowledges that its business is not immune to the COVID-19 [pandemic](#), Lightspeed said in its earnings report that about three-quarters of its customers are still processing transactions on its cloud. The company says e-commerce volumes were up 400% in April compared to February.

With strong geographical diversification, Lightspeed could be a relatively stable stock to hold right now. Although its sales are likely to fall in the coming months, the company's still growing at a high rate. It could still generate double-digit growth even with a slowdown in sales.

And with cities around the world starting to reopen after shutting down due to COVID-19, some of its idle customers may already be back to processing transactions, albeit at smaller volumes than before.

## Bottom line

Lightspeed's been winning over clients, and this could be a stock to keep on your watchlist today. High growth stocks are always in high demand. And Lightspeed is already becoming the next big tech stock on the TSX.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:META (Meta Platforms Inc.)
2. TSX:LSPD (Lightspeed Commerce)

### PARTNER-FEEDS

1. Business Insider
2. Msn
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