Forget Disney (NYSE:DIS): Buy This Hot Growth Stock Instead

Description

Walt Disney (NYSE:DIS) is a decent, long-term investment that investors can hang on to for years. The company's built up a strong brand over the years and there's nothing wrong with holding it in your portfolio. Sales were up 21% in the company's most recent quarterly results. In the previous period, they grew by 36%.

The Disney+ streaming service will give the company another avenue to grow its sales. However, with HBO Max now out and competition among streaming services likely to ramp up, it isn't going to be a smooth path for the company.

And with shares of Disney trading at a forward price-to-earnings multiple of around 40, investors are paying a steep price for the stock.

A TSX stock that could be a hotter buy than Disney

For investors seeking growth over stability and wanting to maximize their potential returns, Disney's stock simply may not be the best option right now. A more up-and-coming growth stock that investors may want to consider instead is **Lightspeed POS** (TSX:LSPD). The software company is coming off an impressive quarter that saw its sales up a staggering 70%.

That level of growth is hard to find, and given the relatively small size of Lightspeed, there's still ample room for it to continue growing. While I won't call it the next **Shopify**, it certainly has the potential to be the next big tech stock on the **TSX.**

Its point-of-sale platform is winning over customers, and as more businesses go to the cloud amid the COVID-19 pandemic, Lightspeed could continue to see strong demand for the foreseeable future.

That's why getting in early and buying the stock while its market cap is a modest $3 billion could set you up for some strong returns later on.

By no means is the stock a value buy; it's trading at about 16 times sales and six times its book value.

But once you compare it to Shopify's ridiculous valuation, which includes a price-to-sales multiple of 50 and a price-to-book ratio of around 30, it looks dirt cheap.

Lightspeed has a long way to go in being in the same stratosphere of Shopify, but right now it's following in the same footsteps.

Like the tech giant, it strives to provide a comprehensive online solution, except it's focused more on businesses, whereas Shopify targets a broader consumer market. But by focusing on corporate clients rather than consumers, Lightspeed's business could be much more stable and consistent than Shopify's, perhaps even profitable.

Bottom line

While shares of Lightspeed have shown little change over the past year, that's an intriguing reason to consider buying the stock today. Given its level of growth and the popularity of its business, it has the potential to generate significant returns over the long run.

There's always going to be a risk that the company doesn't live up to expectations, but based on the results it's been generating thus far, there's plenty of reason to be bullish on its future.

As the economy starts to open back up and things get back to normal, Lightspeed's sales and its share price could take off in a hurry.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:DIS (The Walt Disney Company)
2. TSX:LSPD (Lightspeed Commerce)

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