



These TSX Stocks Just Surged Over 200%: Are They a Buy?

Description

It has been both a tumultuous and momentous year for **TSX** stocks across the board. While some stocks have yet to recover, others have witnessed massive turnarounds.

If you were shrewd and took advantage of the depths of the March market fear, you are probably sitting on some pretty fantastic gains for the year. Today, I am taking a look at two of these high-gaining TSX stocks. Since the March lows, they are both up over 200%. Yet, I still believe they continue to have long-term upside from here.

This TSX stock has surged 215%

The first TSX stock that has seen an incredible 215% upside since March is **Goodfood Market** ([TSX:FOOD](#)). Over the past five days, its stock has gained almost 30%, and with good reason.

Yesterday, [it released its third-quarter results](#). Goodfood pleasantly surprised the market by turning a solid profit for the first time in its history.

It is one of Canada's leading online grocery and meal kit providers and has seen its business massively accelerate as the pandemic has forced Canadians to look for online grocery solutions.

Goodfood Market finally broke a profit

For the quarter, revenue and gross profits increased over last year by 74% and 77%, respectively. In just in one quarter, it increased its annual gross merchandise sales run-rate by 38% to a record \$418 million. Most importantly, Goodfood produced a positive adjusted EBITDA of \$6 million and a profit of \$2.8 million (\$0.05/share).

Overall, this TSX stock continues to gain traction. Goodfood has a net cash position of \$58 million. It has the financial flexibility to continue to expand its distribution network and attract new customers.

I like its demonstration of profitability, which will likely attract more institutional interest in the stock. This [TSX stock is an intriguing Canadian e-commerce play](#) that still has a long runway of growth from here.

This TSX stock is up 208%

Lightspeed POS ([TSX:LSPD](#)) is another TSX stock that's seen a very strong 208% rebound since March.

Lightspeed surprised investors in May. Despite concerns around the pandemic, it demonstrated strong growth in almost every metric (customer locations, transaction volume, customer spend, revenues, etc.). While it has had a great run back to its 2019 price range, I continue to like this TSX stock.

First, the pandemic is prompting merchants to adopt its cloud-based, omni-channel sales platform. With considerable uncertainty surrounding store-front sales, retailers need flexible sales solutions that incorporate mobile applications, e-commerce, inventory management, loyalty, and delivery all-in-one platform.

Second, Lightspeed has a consistent revenue base; 90% of revenues are recurring from software and payment subscriptions. It continues to add new services and options on its platform, and therefore holds significant potential for organic growth through upselling.

Lightspeed has seen a 400% increase on its e-commerce platform

Lightspeed recently expanded its e-commerce features. From February to April, it saw a 400% increase in gross transaction volumes through its e-commerce solutions. This area should continue to see strong traction.

Yes, this stock could be volatile on the TSX over concerns around customer churn in its hospitality segment, yet much of that will be offset by the overall strength and growth in its retail segment.

Fortunately, Lightspeed has around \$200 million in cash, giving it the financial flexibility to support its merchants, develop new applications, and potentially acquire businesses that broaden its global customer base.

Millions of retailers have yet to integrate omni-channel sales platforms. In a pandemic-restricted economy, these platforms are more important than ever.

While the stock may be volatile this year, over the long term, it will reward TSX investors.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners
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TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)
2. TSX:LSPD (Lightspeed Commerce)

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