These Stay-at-Home Stocks Could Make You an Absolute Fortune!

Description

Stay-at-home stocks have become an entirely new investment category since the onset of the COVID-19 pandemic crisis. Considering society may be dealing with the pandemic far longer than hoped, it is important that investors have exposure to stocks that win from the stay-at-home/work-from-home economy. Why buy lagging "cheap" stocks (cyclicals, value) when you can own stocks that are performing exceptionally well right now?

Today, I am looking at two **TSX** stocks that are seeing major growth from the stay-at-home trend. These stocks are not cheap. However, the pandemic has accelerated their businesses to such an extent that you do not want to miss out on owning them over the long term.

Lightspeed accommodates stay-at-home commerce

The first stay-at-home stock investors need to have on their radar is **Lightspeed POS** (TSX:LSPD). It is quickly becoming a major player in integrated point-of-sales and e-commerce solutions for small businesses across the world. Many thought Lightspeed would suffer from the pandemic because of its heavy exposure to retail, hospitality, and restaurant merchants. Yet the opposite was true. The pandemic has only accelerated adoption of its omni-channel sales systems.

More than ever, retailers and restaurateurs need omni-channel business solutions that holistically integrate operations, advertising, store-front sales, e-commerce/online sales, as well as pick-up and delivery options.

As a result, this stay-at-home stock has seen a strong rebound from its March lows. It continues to add new customers (net 500 from last quarter), it is seeing store-front volumes steadily return (85-95% of its pre-COVID-19 range), and very strong e-commerce and payments volumes.

Lightspeed's highly recurring subscription-based revenue model (92% of revenue) is also proving resilient. In fact, recurring software and payments revenues increased 57% year over year and 5%over last quarter. Likewise, adjusted EBITDA improved to ($2.2) million — a 60% improvement fromlast year.

The company has a very solid balance sheet with $203 million of cash. As the retail environment improves, we could expect some further acquisitions on the horizon.

All around, this stock is helping retailers adjust their business to the stay-at-home economy. The rise of e-commerce is unstoppable at this point. Lightspeed, in my opinion, is well established to rise with this trend for many years ahead.

This stock is enabling stay-at-home e-commerce

Another high-quality stay-at-home stock is **Cargojet** (TSX:CJT). While you may not think of an airline as a "stay-at-home" company, this company is one of the only reasons next-day e-commerce delivery is becoming possible in Canada. As Canada's largest overnight air delivery network, Cargojet plays a vital role in transporting time-sensitive freight across the country.

It has enjoyed a massive surge in e-commerce and health-related volumes this year. As a result, the stock has had a massive 80% ride up. Yet there are a number of reasons I still like this stay-at-home stock for the long run.

First, it already holds a dominant, almost monopolistic position in Canada. While other passenger airlines are suffering, Cargojet is benefiting from acquiring their domestic, continental, and international freight volumes.

Second, I don't know about you, but my family and I have massively increased our stay-at-home purchasing through e-commerce. While stores have reopened, a majority of our purchases remain online. Cargojet is partnered with/partially owned by e-commerce giant **Amazon**. As a result, it has become the carrier of choice that will benefit from Amazon's e-commerce dominance.

Lastly, the company has a very stable revenue model that will support prudent growth. 75% of its revenues are contracted to include variable costs, guaranteed volume minimums, and annual inflation-based rate increases. Cargojet continues to achieve record levels of revenue and cash flow this year (up 18% and 40%, respectively).

While 2020 growth might be exceptional, this company still has many years of growth ahead. It isn't cheap, but the stock has pulled back 6% recently. Now is a great time to buy this stay-at-home stock before it flies away.

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TICKERS GLOBAL

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2. TSX:LSPD (Lightspeed Commerce)

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