These 3 Tech Stocks Are up Over 260% Since March: Is There Further Upside?

Description

The Canadian tech stocks are on a tear and are rising at an astronomical rate since the stock market crashed in March 2020. While the majority of the tech stocks outperformed the broader market, a few have generated outsized gains.

For instance, shares of **Real Matters** (TSX:REAL), **Lightspeed POS** (TSX:LSPD), and **Docebo** (TSX:DCBO) have increased by a phenomenal 267%, 302%, and 367%, respectively, from their March lows. In comparison, the **S&P/TSX 60** Index is up just about 46% after hitting its low on March 23.

Despite the rally, these ultra-high growth stocks may see further upside on secular industry tailwinds. Let's take a closer look to know why there is further upside in these tech stocks.

Low interest rates favour Real Matters

The coronavirus pandemic has forced the central banks in Canada and the U.S. to lower interest rates, which is acting as a significant catalyst for Real Matters. The record-low interest rate environment has led to a surge in refinancing activities, providing a solid base for long-term growth.

Mortgage lenders and insurance companies use Real Matters's tech-based platform and services. With an increase in refinancing activities, Real Matters is witnessing a surge in volumes on its platform, leading to market share growth and expansion of revenues and margins. The company posted about 53% growth in its net revenues during the last reported quarter. Its adjusted EBITDA more than doubled, while adjusted EBITDA margins expanded significantly.

The lower U.S. mortgage interest rate has presented a solid multi-year growth opportunity for Real Matters. The demand for mortgage refinancing is expected to remain high in the foreseeable future, driving volumes, market share and margins for Real Matters in the coming years.

Enterprise learning gaining pace

Docebo is benefiting from the growing emphasis on cloud-based enterprise learning. Moreover, the pandemic has further accelerated the demand for Docebo's services and offerings, resulting in higher utilization of its platform. The corporate e-learning market is growing at a brisk pace, providing higher-growth opportunities for Docebo.

In the most recent quarter, its top line marked a 47% growth. Moreover, its annual recurring revenue increased by 54%. The company's gross margins remained high at 80.4% and expanded 150 basis points, reflecting higher subscription revenue mix. Docebo continues to add new customers swiftly, which increased by about 24% in the recent quarter.

The growing demand for its platform and the large addressable market should support the growth in its customer base. Meanwhile, high recurring revenues and subscription revenues could continue to support the uptrend in Docebo stock.

Omnichannel shift boosting Lightspeed's prospects

The structural shift toward omnichannel platform is driving demand for Lightspeed's digital products and, in turn, its stock. The small- and medium-sized businesses are migrating to the omnichannel platform to meet the growing demand amid the pandemic.

Lightspeed's products and offerings support payments, e-commerce and supply chain for these small- and medium-sized businesses, leading to a surge in demand. The company's gross transaction volumes are multiplying with an increase in the number of customers.

Lightspeed could benefit significantly from the shift towards the online platform, which is likely to sustain even after the pandemic is over. With growing demand, innovation, and product expansion, Lightspeed stock could continue to generate stellar returns.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:REAL (Real Matters Inc.)

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