



Young Investors: These 3 TSX Stocks Could Make You Rich

Description

When you start your career, your income could be on the lower side. But don't get discouraged by a tighter budget. When you are young, time will be on your side. So, by making small but regular investments, you can build significant capital by harnessing the power of compounding.

Also, during your younger years, your risk-taking ability will be higher. So, you should invest in high-growth stocks to reap the benefits in the long term. So, here are three mid- or small-cap companies that have the potential to multiply your investments in the foreseeable future.

Facedrive

My first pick is **Facedrive** (TSXV:FD), a ride-hailing company that offers its customers an option to choose between electric, hybrid, and conventional vehicles. Meanwhile, the company has expanded to e-commerce, food delivery, and healthcare sectors. In its recently reported [first-quarter results](#), the company's revenue grew over 975% on a year-over-year basis to \$387,901.

Meanwhile, in its previous year, the company had reported revenue growth of over 4,000%. These impressive financials have supported the rally in the company's stock, which has increased by over 850% since going public in September 2019. The massive surge in its stock price has increased its valuation multiples. Currently, the company trades at 1,970 times its sales in the last four quarters.

However, Facedrive is expanding its business. In July, it acquired Foodora, a food-delivery service provider, and also launched a contact tracing app named TraceSCAN. Earlier, in March, it had acquired HiRide Share, a car-pooling app for long-distance travel.

Along with the growth in its car-sharing business, these acquisitions could drive the company's sales in the future. So, I am bullish on the stock, despite its high valuation.

Lightspeed POS

My second pick is **Lightspeed POS** ([TSX:LSPD](#)), which provides cloud-based software solutions for SMBs (small- and medium-sized businesses) across the world. Its solutions cover critical functionalities, such as customer management, accepting payments, analytics, and managing their supply chains.

Amid the pandemic, small retailers and restaurateurs have taken their businesses online, which has increased the demand for Lightspeed POS's services. In its first quarter, the company's revenue increased by 51% on a year-over-year basis. Its gross profit margins improved by 39% to 60%.

With the shift towards digitization and customers preferring online shopping, I believe the increased demand for the company's offerings will be sustained. Currently, the company's valuation looks expensive at a price-to-sales multiple of 29.1. However, the company is still in the growth stage, with its revenue growing at over 50%. So, I believe the [company's stock could rise multi-fold in the foreseeable future](#).

Real Matters

My third pick is **Real Matters** ([TSX:REAL](#)), which has integrated its proprietary platforms and network management capabilities to create an efficient market place for mortgage lenders and insurance companies. The central banks in the United States and Canada have lowered the interest rates amid the pandemic-infused slowdown.

So, the low interest rate environment has led to a surge in refinancing activities, driving the demand for Real Matters's services. In its recently announced third-quarter results, the company reported consolidated net revenue growth of 52.7%, while its adjusted EBITDA more than doubled.

More importantly, the company has been adding new clients and expanding its market share. By the end of the next fiscal year, the company expects to acquire 15-20% of the market share in the appraisal segment and 1-3% in the title segment. So, given its strong growth potential and improving margins, I expect the stock to deliver higher returns in the long run.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:REAL (Real Matters Inc.)
3. TSXV:STER (Facedrive Inc.)

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