



## 2 Tech Stocks I'm Still Buying Even After They've Surged 200%

### Description

Tech companies **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) have both been on absolute tears over the past six months. Since the beginning of April, Shopify's share price has grown more than 200%, while Lightspeed is up more than 225%.

To be fair, the Canadian market in general has been on an incredible run since April. The **S&P/TSX Composite Index** has grown 27% over the last six months. That's pretty impressive considering that this index has only delivered 17% growth over the past five years.

So, with the market up almost 30% in half a year, it's not surprising to see some companies trading at all-time highs today.

Shopify and Lightspeed might each be up 200% in half a year, but I'm not even close to taking profits on either of the companies.

I've reviewed why I believe there is still plenty of growth left in the tank for both companies. Investors shouldn't think that they've missed the boat on either of these growth stocks.

Valuations are high for both stocks — no question there. But as a long-term, Foolish investor, I'm happy to add to my positions, even after they've run up 200% in just six months.

### Shopify stock

Valued at a market cap of roughly \$175 billion, Shopify is Canada's largest publicly traded company. The fact that it's the country's largest company makes it even more impressive that it's up 200% over the past six months and more than 2,500% over the past five years.

Shopify is coming off a monster quarter, where the company posted revenue growth just shy of 100%. The surge in revenue partly came as a result of the effects of the COVID-19 pandemic.

Many brick-and-mortar businesses across the country were forced to temporarily close down during the pandemic earlier this year. Some areas of the country are now heading right back into that lockdown state.

The forced temporary closures lead to a significant increase in demand for Shopify's e-commerce products.

The tech company is a [one-stop shop](#) for digitizing brick-and-mortar retail stores. Shopify can help customers with website development, shipping logistics, and payment processing, to name a few examples.

It may be hard for Shopify to top a quarter where it grew revenue by 97%. But with social-distancing policies still being enforced in many parts of the company, I'll be very curious to see what type of growth the company reports during the upcoming quarterly presentation.

## Lightspeed stock

Lightspeed is nowhere near the same sizes as Shopify. The Montreal-headquartered company is valued at a market cap of just \$5 billion.

Similar to Shopify, Lightspeed has spent the last several years reinvesting aggressively into the business. The company is focused on building a long list of product offerings to try and own as much of the e-commerce ecosystem as possible.

Not so long ago, Lightspeed was known mainly as a point-of-sale hardware provider. The company would provide payment hardware to brick-and-mortar retailers, so they could accept debit and credit cards from their customers.

Fast forward to today, and Lightspeed has built a very impressive list of product offerings. The company also recently introduced an e-commerce software solution, going head to head with the much larger Shopify platform.

Lightspeed went on the offensive during the pandemic, offering new customers a [three-month free trial](#) to the company's e-commerce software solution. Now that many of those three-month free trials are finished, I'll be looking for management to comment in the upcoming quarterly report on the results that came from the free trial offerings.

## You can't ignore the valuation

As mentioned earlier, both of these growth stocks are far from cheap. Shopify trades at a very frothy price-to-sales (P/S) ratio of 80, while Lightspeed is trading at a P/S ratio of 20.

It's worth noting, though, that Shopify has looked expensive for years. But that hasn't stopped the stock from exploding.

The high valuation means that investors should be ready to experience potentially high levels of volatility in the short term. In the long term, though, I believe both of the companies will continue to crush the returns of the Canadian market.

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2. Tech Stocks

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4. lightspeed stock
5. LSPD
6. SHOP
7. Shopify
8. Shopify Stock
9. tech stocks
10. tsx tech stocks

## TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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**Author**

ndobroruka

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