



3 E-Commerce-Related Stocks to Watch in November

Description

The **TSX Composite Index** dipped 4.4% in the last week of October, as the resurgence of COVID-19 cases dampened investors' hope of recovery. The first week of November will also see some earnings releases. Will the stock market repeat the last week's pullback?

Three e-commerce-related stocks to watch

This week is important for e-commerce investors, as three major Canadian e-commerce-related companies will release their September quarter earnings. They are **Cargojet** ([TSX:CJT](#)), **Kinaxis** ([TSX:KXS](#)), and **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). All three stocks are the biggest beneficiaries of the pandemic, surging more than 100% this year.

The earnings of **Shopify** and **Amazon** showed that the pandemic-driven [e-commerce wave is still alive](#), and the fourth quarter will be another strong quarter. The Cyber Monday, Black Friday, and holiday season shopping will majorly happen online amid rising coronavirus cases. These e-commerce earnings could revive investor confidence.

Cargojet stock

Cargojet is Canada's largest air cargo service, which provides time-sensitive, premium, overnight packages through its fleet of 26 aircraft. At a time when the world passenger airlines are burning cash, Cargojet is minting money on the back of increased e-commerce order volumes and low oil prices. The first glimpse of the impact of the pandemic was visible in its second-quarter earnings. Cargojet's revenue surged 65% year over year (YoY) to \$196.1 million. This was the first time in five years the company reported revenue growth of over 60%. In the same quarter, Shopify's gross merchandise volume (GMV) surged 119% YoY.

Cargojet's adjusted EBITDA rose 143% YoY to \$91 million, or 46.5% of its revenue, as oil prices dipped to negative US\$37/barrel in April.

The third quarter will be equally strong for Cargojet, as Shopify's GMV surged 109% YoY. However, Cargojet will see a reduction in medical supplies orders. But that will be replaced by business-to-business orders, which recovered slightly as the economy reopened gradually.

Cargojet's revenue could surge another 65% YoY to \$193 million in the third quarter, but its adjusted EBITDA margin might fall below 40-42% as oil prices partially recovered to US\$40/barrel. Its stock was unaffected by the market pullback, rising 15% last month.

Kinaxis stock

Kinaxis provides supply chain planning solutions to help companies manage demand using machine learning and artificial intelligence. The pandemic delayed some contract renewals and the signing of new contracts. These contracts will reflect in the second half. Supply chain planning and management are some of the biggest challenges of the COVID-19 economy, as consumer demand has shifted drastically.

In the second quarter, Kinaxis's revenue surged 45% YoY, as the timing of contract renewals pushed software-as-a-service revenue up more than 300%. Its adjusted EBITDA margin surged to 36.6%, its highest in over two years.

Kinaxis could see more than 20% YoY revenue growth in the third quarter, as Shopify expanded its fulfillment network and many businesses reopened. Kinaxis could also see a higher growth depending on the timing of contract renewals. If its revenue growth comes from new contracts, its margins could normalize to 25%.

Kinaxis stock fell 6% last week in the market pullback ahead of earnings. It could surge mid-single digits if it reports another quarter of robust earnings.

Lightspeed POS

Lightspeed was the turnaround story of the pandemic, reducing its dependency on physical stores and enhancing its e-commerce offerings. In the last few months, the company enhanced its omnichannel solutions to help retailers and restaurants open in the COVID-19 economy. The new Lightspeed platform offers curbside pickup, online appointment booking, an order-ahead option, contactless payment, inventory check at local stores, and e-commerce theme stores.

The fiscal 2021 first quarter saw a V-shaped recovery for Lightspeed, which [increased its revenue](#) by 51% YoY. At that time, it saw many existing retailers end their subscription and new retailers sign up. Plus, the restaurant sector had just started to recover.

The fiscal 2021 second quarter will reflect the growth of its enhanced platform as more retailers and restaurants subscribe to Lightspeed. The company's revenue could rise by more than 90% YoY.

Bottom line

Keep a watch on these three stocks, as they could make some big moves this week.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CJT (Cargojet Inc.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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