



Got \$2,000? 2 Mid-Cap TSX Stocks Racing to Become Large Caps

Description

If you are looking for a high-growth investment opportunity in the stock market, consider buying the shares of these two top TSX mid-cap stocks that have the potential to become large-cap stocks soon. These Canadian companies have multiple growth catalysts and are likely to benefit from a large addressable market and favourable industry trends.

Without further delay, let's take a closer look at these high-growth names.

Lightspeed POS

Despite the growing competitive risk, I remain bullish on the shares of the commerce-enabling company, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)). Its stock has surged over seven times from the March lows and has more than doubled this year.

Despite the stellar run in its stock, Lightspeed has all the right ingredients that could drive its stock higher [over the next decade](#).

Thanks to the sustained demand for its omnichannel payment platform, Lightspeed has delivered impressive sales growth over the past several years. Meanwhile, the ongoing transition in selling models from legacy platforms towards omnichannel should continue to support its revenue growth rate in the coming years. Besides the secular industry trends, the large and underpenetrated small- and medium-sized business market and geographical expansion should further accelerate its growth.

As small retailers and restaurant operators shift toward the cloud-based omnichannel platform, Lightspeed's payment volumes are expected to improve significantly. Lightspeed's gross new customer location additions are growing swiftly, and the momentum is likely to sustain and suggests a strong long-term outlook.

While the demand for Lightspeed's core digital offering remains high, innovation and up-selling of high-value products should drive its average revenue per user and cushion its margins.

Besides the strength in its base business, Lightspeed is expected to benefit from its recent acquisitions. The company acquired Gastrofix and Kounta, which are contributing meaningfully to its

growth. Further, its recent acquisitions of ShopKeep and [Upserve](#) are likely to drive its customer base, strengthen its competitive positioning, and drive its stock higher.

Kinaxis

Kinaxis ([TSX:KXS](#)) is another top mid-cap stock with the potential of a large-cap company. The cloud-based supply chain planning and digital operations software provider has performed exceptionally well over the past several years and delivered stellar returns.

Kinaxis stock is up over 81% year to date. Moreover, the rally in its stock is likely to be sustained, reflecting continued demand for its products and services. The company has been acquiring customers fast. Most of its customers sign multi-year agreements, implying that Kinaxis could continue to generate predictable and recurring revenues. Also, its strong renewals and high retention rate is an encouraging sign.

Kinaxis's order backlog remains strong (US\$333 million at the end of the most recent quarter), suggesting that the company could continue to deliver robust sales and margins. The company is also expected to gain big from its strategy to expand and grow through accretive acquisitions. Kinaxis's recent acquisition of Rubikloud is likely to help the company expand into the enterprise retail industry.

With its two-pronged growth strategy and sustain demand for its offerings, Kinaxis remains well positioned to deliver robust growth.

CATEGORY

1. Coronavirus
2. Investing
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TICKERS GLOBAL

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

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