

2 TSX Growth Stocks That You'll Kick Yourself in 5 Years for Not Buying Today

### Description

The COVID-19 pandemic has created all sorts of volatility this year. Investors were forced to endure a record-setting market crash, which has been followed by a bull run that's now up more than 50%.

It's been a wild year for investors to say the least. It's also provided plenty of great <u>long-term buying</u> <u>opportunities</u> for Foolish investors. We've witnessed top **TSX** stocks trade at massive discounts that we may not see again for years.

Canadian investors have seen companies and entire industries take massive hits during this pandemic. Airlines and other travel-related companies come to mind first. It's been a tough year for those who owned shares of **Air Canada** (TSX:AC) before COVID-19 hit. On the other hand, we've seen more than a handful of tech stocks skyrocket this year.

The dependence on technology has only increased this year. We've seen the acceleration in digitization have a direct impact on the growth of these two tech stocks over the last 10 months.

# **Growth stock #1: Shopify**

Value investors continue to knock **Shopify** (<u>TSX:SHOP</u>)(<u>NYSE:SHOP</u>) on its insane valuation, but the tech giant continues to only impress.

Shopify is now valued at a market cap of \$165 billion, which ranks it as Canada's largest company today. Even at that size, the growth stock has now grown more than 150% since the beginning of the year.

The pandemic initially caused a 35% drop in the share price. But since early April, Shopify stock is up close to 200%.

The company's resiliency throughout this pandemic has proven why it's going to be a market leader in the e-commerce industry for many more years. The company has put up back-to-back quarters of revenue growth just shy of 100%.

Recent numbers from the Black Friday-Cyber Monday weekend really highlight the growth that the company is experiencing. Just over \$5 billion in sales were generated through Shopify's platforms from November 27 to November 30. That was up from \$2.9 billion in 2019, which is a 75% increase.

There's no question that Shopify's valuation is extremely expensive today, but that is nothing new. It's been an expensive stock for years, and at growth levels like that of which Shopify is seeing, it will likely continue to be an expensive stock for much longer, too.

The company trades a price-to-sales (P/S) ratio of almost 70 today.

Valuation is high, but that's not necessarily a legitimate reason to not own shares of this growth stock. You likely wouldn't Shopify to be the largest holding in your portfolio due to the potential of extreme levels of volatility. But if you're looking for a growth stock to add to your portfolio, Shopify has many more years of market-beating growth ahead of it.

## **Growth stock #2: Docebo**

atermark Docebo (TSX:DCBO) is another high-growth tech stock, but at a much smaller valuation than Shopify. The company is valued at a market cap of just \$2 billion.

It may be a significantly smaller company than Shopify, but it's growth levels this year have been much more impressive. Year to date, Docebo shares are up 275%. For investors that were brave enough to pick up shares when the market bottomed out at the end of March, they'd be sitting on gains of more than 500%.

Docebo has seen a huge rise in demand for its products and services this year. The company specializes in developing cloud-based learning platforms for customers across the globe.

The platform, which is powered by artificial intelligence, is designed to customize the learning experience for each individual user. In addition to that, the Software-as-a-Service platform helps centralize all learning materials to improve efficiencies in the entire training process.

After seeing growth of 500% in roughly 10 months, you can bet that Docebo trades at a premium. The growth stock trades today at a P/S ratio of 35.

# Foolish bottom line

The valuations for both of these growth stocks are incredibly high today. That shouldn't stop you from investing in either company, though. Just make sure you're balancing out these high-growth and highrisk companies with more stable investments in your portfolio.

#### **CATEGORY**

- 1. Investing
- 2. Tech Stocks

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- 2. Docebo
- 3. Editor's Choice
- 4. growth investing
- 5. growth stocks
- 6. SHOP
- 7. Shopify
- 8. Shopify Stock
- 9. tech stocks

#### **TICKERS GLOBAL**

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