



3 of the TSX's Biggest 2020 Winners That Could Have More Upside in 2021

Description

Some of Canada's top tech plays have not only been resilient in the face of this pandemic, but they've actually been major beneficiaries of the profound disruption sparked by the new normal. This piece will have a look at three of the **TSX's** biggest 2020 [winners that could have more room to run](#) in the new year, even as their pandemic tailwinds begin to fade en route to normalcy.

Consider **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)), **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), and **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), which are currently up 270%, 156%, and 100%, respectively, year-to-date.

Docebo

Docebo is a Learning Management System (LMS) software developer with an AI-leveraging cloud-based e-learning platform that's experienced an explosion in demand from firms as firms rushed to work-from-home (WFH). In a prior piece, I noted that I thought Docebo's tailwinds would not die down entirely and that demand for the firm's product would remain strong in a post-pandemic world.

"Given the acceleration in the firm's client wins, continued pandemic tailwinds, its ever-improving offering, and the high growth ceiling for the relatively small firm, I certainly wouldn't rule out further multi-bagger gains for Docebo over the next three years," I wrote in a [prior piece](#).

Docebo was a huge winner in 2020. And I have a feeling its incredible win streak is not over yet. The stock trades at 29 times sales, which is pricy but not nearly as expensive as most other ridiculously-expensive Software-as-a-Service (SaaS) companies out there.

Shopify

Speaking of ridiculously expensive, Shopify's valuation has swollen considerably over the past year, as the firm continued riding higher on pandemic tailwinds. Shopify stock now trades at a staggering 52.6 times sales (that's sales, not earnings), making its prior 20x sales multiple seem like a dirt-cheap

bargain.

The acceleration to Shopify's business has been nothing short of profound. While the company deserved to enjoy a considerable amount of multiple expansion, given the firm was in the right place at the right time, I worry that the bar may be set too high to keep the stock from surging much higher from here, at least until the firm can really ramp up on the earnings front.

The firm recently clocked in a blowout quarter, but it wasn't enough to move the needle higher on the stock. Just think about what could happen to the stock in the event of a big miss. While the stock could continue to defy the laws of gravity, I'd much prefer waiting for the name to pullback to more reasonable levels before initiating a position.

If you already own shares, however, I'd continue holding on because some way or another, the stock has continued to prove the bears wrong. Who knows? The firm may be able to sustain incredible sales numbers to compress its lofty price-to-sales (P/S) multiple to more reasonable levels.

Lightspeed POS

Lightspeed POS crumbled like a paper bag back in the February-March crash, losing over 70% of its value from peak to trough, only to fully recover by September. The stock has since blasted off to a new high at \$78 and change before dipping modestly to \$73, where shares sit today. The stock is up over 60% from its pre-pandemic high and is likely to continue roaring higher now that it's made a name for itself in the omnichannel commerce arena.

At just shy of 40 times sales, Lightspeed is by no means a cheap stock. But with a growth story that rhymes with Shopify, I certainly wouldn't get in the way of the company, as it continues to defy expectations. Very few firms can implode 70% and recover in a matter of months. Lightspeed is a misunderstood story that I think has a considerable amount of sales growth that could justify its premium price tag. Don't bet against the name.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:DCBO (Docebo Inc.)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date

2025/07/08

Date Created

2020/12/17

Author

joefrenette

default watermark

default watermark