



3 TSX Stocks That Could Again Deliver Big Returns in 2021

Description

Despite the heightened volatility in the stock market, several TSX stocks went through the roof and delivered exceptional returns. **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)), **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), and **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) stocks are up 406%, 177%, and 145%, respectively, in 2020.

While these companies delivered big returns in 2020, I see further upside, as the structural shift toward digital platforms and a large addressable market provides a strong growth base.

Shopify

The e-commerce company had a great year, as the COVID-19 pandemic accelerated the pace of digital transformation and led to stellar traffic on its platform.

Shopify's sales and gross merchandise volumes ballooned, as small and independent brands shifted from in-store to online mode of conducting business. Meanwhile, its share of the U.S. retail e-commerce sales improved. Its revenues nearly doubled during the last reported quarter. Meanwhile, its monthly recurring revenue has grown at a CAGR of 47%.

With strong sales and improving operating leverage, Shopify could continue to deliver strong growth in 2021. I believe the transition to online and expansion of high-value products and services are likely to drive its stock higher.

Lightspeed POS

Like Shopify, Lightspeed benefitted significantly from the rapid transition towards the omnichannel platform from traditional selling methods. As small- and medium-sized businesses moved online, Lightspeed witnessed increased demand for its digital offerings.

The surge in demand for its payment platform led to an increase of 56% in its gross transaction volume in the most recent quarter. Moreover, its payment revenues soared about 300% during the same period.

I believe the structural shift toward omnichannel selling models has created a [multi-year growth](#) opportunity for the company. Geographical expansion and up-selling of high-value products could support its margins. The company remains well positioned in its existing markets. Meanwhile, it is targeting new customers in the newer geographies.

While Lightspeed is likely to benefit from the continued momentum in its base business, its accretive acquisitions could further accelerate its growth. Its acquisitions of ShopKeep and Upserve are likely to add additional customer locations and drive its gross transaction volume.

Docebo

The enterprise e-learning platform provider Docebo performed exceptionally well in 2020. The shift towards remote work and learning amid the pandemic accelerated the demand for its product and services and drove its stock higher.

The company's key performance indicators remain strong and witnessed solid growth during the most recent quarter. Its annual recurring revenue (a leading indicator of the strength of its business) jumped 54.9%. Meanwhile, the average contract value increased by 24.6%.

As of September 30, Docebo's customer count stood at 2,025 and reflected an increase of 24.1% year over year.

I believe with increased emphasis on enterprise e-learning, strong subscription revenue, multi-year contracts, a large addressable market, and continued double-digit growth in its customer base, Docebo could deliver robust sales growth in the coming quarters. Meanwhile, higher sales coupled with productivity and efficiency savings are likely to cushion its margins and [drive its stock higher](#).

Final thoughts

While the valuation of these high-growth companies looks stretched, secular industry trends and multiple growth catalysts are likely to push their stocks higher in 2021.

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.)

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