3 Top Canadian Growth Stocks to Buy in 2021

Description

There are always buying opportunities in the equity market whether the market is range-bound, rallying, or in the midst of a sell-off. Right now, markets are trading near record highs, which means a lot of Canadian stocks are trading at a premium. In case you expect the Canadian economy to stage a recovery in 2021, these three TSX growth stocks should help you generate market-beating gains this year.

Shopify

The first stock on the list is **Shopify** (TSX:SHOP)(NYSE:SHOP), Canada's largest company in terms of market cap. Shopify stock has returned close to 4,900% ever since the company went public back in 2015. This means a $1,000 investment shortly after Shopify's IPO would be worth close to $50,000 today.

Shopify has remained a popular stock among growth investors for obvious reasons. The COVID-19 pandemic acted as a massive tailwind for e-commerce stocks, as the shift towards online shopping accelerated at a rapid pace in 2020. E-commerce sales accounted for 14% of total retail sales in the U.S. last year, up from just 11% in 2019 and 6% in 2013. This figure is expected to rise to 19% by 2024.

Shopify's sales have risen from US$673.3 million in 2017 to US$2.9 billion in 2020, indicating a compound annual growth rate of 63%. Shopify stock is currently trading 16% below its record high, which means investors have an opportunity to buy a quality growth stock at a lower multiple.

Aphria

Shares of **Aphria** (TSX:APHA)(NASDAQ:APHA) have been on an absolute tear in 2021. In just over three months, Aphria stock has more than doubled. Despite its stellar returns, APHA is trading 44% below its 52-week high, which means shares were up a staggering 350% in the first 40 days of 2021.

One main reason for Aphria's recent underperformance can be attributed to its less-than-impressive quarterly results. In the fiscal third quarter of 2021, Aphria's net sales stood at $153.6 million, a 6.4% increase year over year compared to prior-year sales of $144.4 million. It was, however, lower than Bay Street's revenue estimates of $166.2 million.

Aphria also reported a net loss of $361 million, or $1.14 per share, compared to a net income of $5.7 million, or $0.02 per share, in the last year.

However, Aphria will soon become the largest cannabis company in the world once it completes the merger with **Tilray**. It could then benefit from economies of scale and cost synergies, allowing the pot heavyweight to improve the bottom line and turn profitable in the near future.

Lightspeed POS

When you look to identify Canadian growth companies, it is difficult to ignore fintech giant **Lightspeed** (TSX:LSPD)(NYSE:LSPD). This Montreal-based company provides point-of-sale and e-commerce software solutions to small and medium enterprises in the restaurant and retail sectors.

In the December quarter, LSPD sales rose by an impressive 79% year over year to US$57.6 million. Its recurring software and payments revenue surged 85% to US$57.6 million while its customer base was up 74% at 115,000.

Lightspeed continues to grow via acquisitions allowing the company to expand its suite of cloud-based solutions and improve the customer-retention rate. LSPD expects payments to drive top-line growth in the upcoming quarters, as sales were up four times in the December quarter. The adoption of payments is growing at a fast clip both in terms of customer locations and overall gross transaction volume.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)

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