Now Is the Time to Buy These 3 TSX Tech Stocks

Description

Canadian tech stocks that went through the roof in 2020 have reversed some of their gains, providing a solid opportunity to buy. I have shortlisted three such high-growth and fundamentally strong **TSX** tech stocks that have corrected by more than 15% in three months and are attractive long-term bets.

Lightspeed POS

I have said before that **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) stock is a must-have in your portfolio. Notably, its stock closed 15% higher yesterday as its revenues continued to grow at a breakneck pace. Its total revenues soared 127% during the most recent quarter, reflecting a 137% growth in its recurring subscription and transaction-based revenues that includes payments.

I expect Lightspeed's revenues could continue to grow at a breakneck pace in the coming years, reflecting sustained momentum in the underlying business and benefits from acquisitions. The company expects to report revenues of $430 million to $450 million in FY22, reflecting year-over-year growth of about 94% to 103%.

I believe the staggering growth in the subscription and transaction-based revenues, adoption of multiple modules by its growing number of customers, and acquisitions are likely to drive its revenues and margins. Further, its expansion in the high-growth markets, new products, strong growth in its customer base, and higher average revenue per user bodes well for future growth. Despite the boost from its Q4 performance, Lightspeed stock is still down about 18% in three months and looks attractive at current levels.

WELL Health

Like Lightspeed, **WELL Health Technologies** (TSX:WELL) has also delivered exceptional financial performance over the past several quarters, thanks to the stellar demand for its in-person and digital healthcare assets. Further, WELL Health has been actively acquiring businesses that have accelerated its growth rate and supported the uptrend in its stock.

WELL Health's revenues jumped over 150% during the last reported quarter, reflecting a 345% growth in its software and services revenues. Furthermore, the company reported positive adjusted EBITDA in two quarters in a row. I believe WELL Health's growing market share, digitization of clinical assets, and optimization of costs are likely to drive its revenues and adjusted EBITDA and, in turn, its cash flows. Further, its robust acquisition pipeline will likely bolster its growth rate and drive its financial performance in the coming years.

WELL Health stock has increased more than 127% in one year. However, it witnessed a healthy pullback and has dropped about 20% in three months, providing a solid buying opportunity for investors with a long-term view.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) has corrected by over 19% in three months on expected normalization in its growth rate and high valuation. While a portion of consumer spending is likely to move back to physical retail, it is unlikely to hurt Shopify's prospects. Further, Shopify has historically traded at a high valuation multiple, and its robust growth rate suggests that its valuation could soon appear normal.

I expect e-commerce spending to continue to increase in 2021 and beyond. The favourable industry trends provide a multi-year growth platform for companies providing omnichannel platforms. Shopify, with its robust fulfillment network and high growth sales and marketing channels, remains well-positioned to drive its merchant base, in turn, its revenues.

Further, the strong growth in its payments solutions, expansion of product offerings, growing market share, and global footprint are expected to accelerate its growth rate. Also, its strong operating leverage is positive.

CATEGORY

1. Coronavirus
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Tech Stocks

Date
2025/08/23
Date Created
2021/05/21
Author
snahata