Palantir, Step Aside! These Canadian Stocks Have Superior Growth

Description

Palantir Technologies (NASDAQ:PLTR) is a very popular tech stock. It went public last year and has more than doubled in price since then. The stock recently got a boost from Cathie Wood of Ark Invest, who bought US$57 million worth of it last month.

Palantir does have many things going for it, not the least of which is revenue growth. In its most recent quarter, PLTR grew revenue by 49% year over year. That's the kind of thing that gets growth investors excited. However, when we look at the company's recent earnings release, we see that operating expenses actually grew faster than revenue at 62% year over year. If you're looking for profitable investments, that may be a deal breaker. Fortunately, there are plenty of other high-growth tech stocks out there to choose from. In this article, I'll explore three stocks that are growing revenue faster than Palantir — all three of them Canadian!

Lightspeed

Lightspeed POS (TSX:LSPD)(NYSE:LSPD) is a Canadian POS company that grew revenue by a blistering 127% in the fourth quarter. That's not only a very high rate of growth but a *higher* rate of growth than the company experienced in past quarters. In the third quarter, Lightspeed reported 79% year-over-year revenue growth, and people thought THAT was a huge success. The fourth quarter beat was in another league entirely.

Much like Palantir, Lightspeed experienced extreme growth in expenses in the fourth quarter. In fact, its expenses doubled, which is more extreme than what happened with Palantir. However, in Lightspeed's case, the sales growth outpaced growth in expenses, pointing to the potential for future profits.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is another Canadian tech stock experiencing better growth than Palantir. In its most recent quarter, it grew revenue by 110% — way ahead of Palantir's 49%.

The main thing driving Shopify's recent earnings has been a pandemic-driven e-commerce boom. When lockdowns began in March 2020, consumers flocked to online stores, as retail stores were closed. That led to Shopify posting a 96% revenue-growth rate in the first quarter during the pandemic — its best in years. Because the pandemic massively helped with all this, it was theorized that Shopify would experience revenue deceleration after COVID slowed down. Yet here we are a year later, and Shopify's revenue growth is still accelerating. Note, though, that the next quarter will be compared to a base quarter that already had the COVID boost in the equation. It's extremely likely that revenue growth will decelerate somewhat compared to that.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is a Canadian e-Learning startup that, like Shopify, got a boost from the pandemic. Companies that offer online conferencing software got a big boost from the work-from-home trend that swept the world after COVID hit. Between March 20 and August 7 of 2020, DCBO shot up 391%. No doubt, "work-from-home" hype played a role in those gains.

The company's revenue growth has been strong, but not as strong as its stock price gains. Still, the company did post 60% revenue growth in its most recent quarter. That's far better than Palantir in the closest comparable period. However, Docebo's expense growth was even more aggressive than Palantir's, so it is vulnerable to the same concerns regarding profitability.

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1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:PLTR (Palantir Technologies Inc.)
4. NYSE:SHOP (Shopify Inc.)
5. TSX:DCBO (Docebo Inc.)
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