



2 TSX Growth Stocks I'd Buy Over Lightspeed Commerce (TSX:LSPD)

Description

It has been nothing but red lines for **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock lately. Its stock has declined by 26% ever since Spruce Point Management issued a critical [short report](#) last week. The company has lost nearly \$5.7 billion in value since.

Lightspeed stock had an extreme valuation

Obviously, Lightspeed had an extreme valuation prior to the report. It made it a perfect candidate to target. Certainly, some of the allegations in the report are concerning. However, some of them are magnified and hyperbolic. My largest concern is the company's response to the allegations.

In a feeble press release, it failed to address any of the report's concerns or allegations. In a way, it left the market to make its own judgement (which is markedly tainted at the moment). The report's largest concern, of course, surrounds Lightspeed's overstatement of results and its capacity to ever become profitable.

Wait to see how Lightspeed stock responds in the short term

Perhaps Lightspeed is choosing to let its coming second-quarter results speak for it. However, until proven otherwise, Lightspeed stock could continue to be in the market's bad books. Certainly, the current decline in higher-valued growth stocks doesn't help either.

Given this, before I'd buy Lightspeed stock, I would put an extra concerted effort to consider whether the long-term benefits of owning the stock outweigh the risks identified by Spruce Point. At the moment, I would be on the sidelines. Two **TSX growth stocks** I would rather buy today over Lightspeed are **goeasy** ([TSX:GSY](#)) and **Telus International** ([TSX:TIXT](#))([NYSE:TIXT](#)).

goeasy

Along with many of the high-growth stocks, goeasy has been correcting as well. Over the past month, its stock is down 7.3%. However, year to date, this stock is up 92%. A pullback in its stock was probably due. Unlike Lightspeed, this financial stock is actually reasonably cheap. It only trades with a price-to-earnings ratio of 13.

It is one of Canada's largest providers of sub-prime loans and leasing arrangements. Certainly, it does not operate in a risk-free sector. However, goeasy has dialled-in an omni-channel strategy to grow its book, while still prudently managing loan risks.

As a result, goeasy has consistently been growing revenues and earnings per share by an average annual rate of 20% and 30%, respectively. Given its expanding digital offerings, I think goeasy can continue to consolidate market share and grow its reach to broader consumers. For a faster-growing financial stock, goeasy looks pretty attractive now.

Telus International

Prior to the short report, Lightspeed stock was trading with a valuation that was almost 73 times its current sales. Even despite its decline, it still trades at 54 times sales! In contrast, one stock that has a good mix of growth and a [reasonable valuation](#) is Telus International. Today, with a market cap of \$11 billion, it trades with a more reasonable price-to-sales (P/S) ratio of six. Likewise, it has an enterprise value-to-EBITDA ratio of 35.

This may still seem high. However, it appears justified, considering TIXT is expecting to grow revenues, adjusted EBITDA, and adjusted earnings per share this year by 40%, 42%, and 36%, respectively.

TIXT is helping some of the world's largest companies transition to digital-first strategies. It helps them create efficiencies and improved business intelligence through AI, data analytics, customer management, and IOT solutions.

If you believe businesses and society will continue to be digitized and transformed by data, TIXT is a great stock to own. While it may not be growing as fast as Lightspeed, it has a reasonable price to its rate of growth. Not to mention, it is already profitable, so that helps offset a lot of business and market risks.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:TIXT (Telus International)
3. TSX:GSY (goeasy Ltd.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:TIXT (Telus International)

PARTNER-FEEDS

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

PP NOTIFY USER

1. kduncombe
2. robbybrown

Category

1. Investing
2. Tech Stocks

Date

2025/09/30

Date Created

2021/10/07

Author

robbybrown

default watermark

default watermark