



Black Friday-Like Sale: Buy 2 TSX Stocks for Your TFSA at a 50% Discount

Description

A Black Friday sale is something many retailers, and tech enthusiasts, await with bated breath. E-commerce and traditional retailers make special preparations for this day as the sales can make up to 20% of annual sales for some. Consumers may delay their purchases until Black Friday as there are discounts of up to 50% on some products.

TSX's Black Friday-like sale is here

What if I tell you there is a Black Friday-like sale currently ongoing in the Toronto Stock Exchange? Some of the best [tech stocks](#), which were trading at sky-high valuations, are now available at a 48%-75% discount. Here are two e-commerce stocks that dipped mid-way from their Santa Clause rally, and are now trading at a heavy discount from their peak:

- **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#))
- **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#))

Lightspeed Commerce – over 70% discount

After surging 1,000% in 18 months (March 2020-September 2021) on the back of the pandemic catalyst, Lightspeed stock fell 75.8% in four months. In other words, the stock has returned to its pre-pandemic level after a series of events brought about a sell-off in the stock. The biggest sell-off came in September 2021 after short-seller Spruce Point Capital [alleged](#) Lightspeed inflated performance metrics and hid its churn rate. While there is some truth in Spruce Point's report, the company still has a double-digit organic growth rate.

In the second quarter ended September 2021, Lightspeed had 58% organic revenue growth. At 14.3 times sales per share, its valuation is cheap for a 50%+ organic revenue growth rate, especially when peer Shopify is trading at 44 times its sales per share.

Lightspeed has not made any new acquisitions since September. Moreover, all the pandemic-driven

growth has vanished. Now, the stock will run a more normal course of growth. Lightspeed is banking on its payments and supplier chain network for profits. The company never reported any absurdly high revenue growth from the pandemic as strength in retail was offset by weakness in the hospitality sector.

The reopened economy brings challenges, like supply chain issues, that could hamper Lightspeed's volumes in the near term. But it is only during the crises that a company's true potential comes to light. From here on, I expect the stock to rally on the back of its [growth potential](#) rather than inflated optimism and high liquidity in the market. A 75% discount from its peak is a good bargain for a [high-growth stock](#) like Lightspeed.

Shopify sale – over 40% discount

Shopify stock has dipped 45% since late November 2021, while it was supposed to report a strong holiday season. The main cause for its drop was Shopify's return to normalcy. The company didn't make any significant acquisition, yet its revenue surged over 95% in three of the four quarters of fiscal 2020. Shopify was a clear beneficiary of the pandemic.

Customers stormed the Shopify platform to build online stores without the platform incurring significant customer acquisition costs. This pushed Shopify to profits for the first time. Investors' concerns are genuine as the company's revenue growth rate slowed to 46% in the third quarter. But the bearishness in the tech sector and rising interest rates are also responsible for the stock's dip.

Foolish takeaway

I don't expect the two stocks to achieve their pandemic peaks this year. But they have the potential to surge to their average trading prices. This could see Shopify grow to \$1,725, a 47% upside, and Lightspeed to \$95, a 144% upside. A Black Friday-like sale has its benefits. Buying these stocks through the Tax-Free Savings Account ([TFSA](#)) would save tax on the high returns these stocks could provide.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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