Rebound Rockets: 2 TSX Tech Stocks to Buy Before They Soar

Description

Technology investors are staring right down the barrel this year. After enjoying more than a decade of outsized gains, the steep valuations of tech stocks coupled with a challenging macro environment have dragged shares prices significantly lower in the first nine months of 2022.

But investors should understand that a bear market lasts for an average of 289 days. Further, every bear market is eventually replaced by a bull market where equities reclaim record highs.

So, when investor sentiment improves, tech stocks should regain their lost glory and trend higher in the future. Let's take a look at two such TSX tech stocks you can consider buying right now.

A fintech giant

One of the worst-performing stocks on the TSX, **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) stock is down 85% from all-time highs. However, the point-of-sale (POS) and e-commerce software provider continues to grow revenue at a healthy pace.

Lightspeed has increased sales from US$77.5 million in fiscal 2019 to US$548.3 million in fiscal 2022 (ended in March). In fiscal Q1 of 2023, Lightspeed grew sales by 50% year over year to US$174 million. Its subscription revenue rose 47% to US$74 million, while transaction-based revenue was up 62% at US$100 million.

Comparatively, Bay Street forecast Q1 sales at US$168 million. Lightspeed also reported an adjusted net loss of US$17.6 million or US$0.12 per share in the June quarter.

The fintech company projected fiscal 2023 sales between US$740 million and US$760 million, an increase of 37% year over year. So, LSPD stock is valued at four times forward sales, which is reasonable for a company growing at a healthy pace.

But Lightspeed has to improve its profit margins to regain investor confidence. Analysts forecast its adjusted earnings to improve to US$0.02 per share in fiscal 2024, compared to a loss of US$0.48 per share reported in fiscal 2022.

Analysts tracking LSPD stock expect shares to more than double in the next 12 months.

An e-commerce heavyweight

Valued at its peak in November 2021, **Shopify** (TSX:SHOP)(NYSE:SHOP) was once the largest company on the TSX in terms of market cap. Now Shopify stock is down 82% from record highs and is trading at a market cap of US$36.5 billion.

Shopify enables small merchants to set up online storefronts while providing them with a range of other services, such as payment processing, shipping, and digital marketing, among others. The company has onboarded over two million merchants, and it is now the second-largest online retailer in the U.S., with a gross merchandise volume of US$175 billion in 2021, an increase of 47% year over year.

While the COVID-19 pandemic acted as a massive tailwind for Shopify, its top line is expected to decelerate in 2022, though Wall Street expects sales to rise by 21.7% year over year. But as it continues to invest heavily in the Shopify Fulfillment Center, profit margins are expected to decline significantly.

In 2022, analysts expect Shopify to report a net loss of $0.15 per share, compared to earnings of $0.84 per share in 2021.

Shopify is part of the rapidly expanding addressable e-commerce market, which makes it a top long-term bet. SHOP stock is trading at a discount of 180% to consensus price target estimates.

CATEGORY

1. Investing
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.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. araghunath
2. cleona

Category

1. Investing
2. Tech Stocks

Date
2025/08/22
Date Created
2022/09/26
Author
araghunath