



2 E-Commerce Stocks That Could Boost Your Wealth in 2023

Description

Most e-commerce stocks suffered a brutal [sell-off](#) in 2022 due to high inflation and aggressive rate hike cycles by central banks. However, expectations are high that **Lightspeed Commerce Inc.** ([TSX:LSPD](#)) and **Nuvei Corporation** ([TSX:NVEI](#)) could stage a comeback following last year's deep losses of 62.1% and 58%, respectively.

Both [technology stocks](#) tumbled before 2022 due to short-seller reports and never had a chance to recover. Spruce Point Capital Management claimed in September 2021 that Lightspeed inflated many of its performance metrics. On December 2021, the same firm focusing on short selling and special situation investment opportunities questioned Nuvei's financial statements and profitability.

Based on market analysts' forecasts, the two e-commerce stocks could boost your wealth in 2023. Lightspeed could climb from \$20.02 per share to as high as \$59.86 (+199%) in one year. The 12-month average price target for Nuvei is \$72.70, a potential gain of 99.7% from \$36.41. As of this writing, Lightspeed and Nuvei have gained 3.48% and 5.81%, respectively, from year-end 2022.

Powering businesses

Lightspeed Commerce, formerly Lightspeed POS Inc., changed its corporate name in August 2021 to emphasize its goal of becoming the commerce king. The short-seller report that came out soon after continues to haunt this \$3 billion cloud-based commerce platform.

In the six months ended September 30, 2022 (first half of fiscal 2023), net losses widened by 66.7% to US\$180.74 million versus the same period in fiscal 2022. However, investors should look more at Lightspeed's growing customer base, strong revenue growth, and large addressable market.

After two quarters in fiscal 2023, total revenue jumped 43.5% year over year to US\$357.58 million. Management expects to report adjusted EBITDA losses in the ensuing quarters but is confident it could hit the breakeven level by year-end fiscal 2024 (March 31, 2024).

Strong business momentum

Nuvei went public on September 18, 2020 and raised around US\$700 million. David Wismer, the global head of technology investment banking at **BMO** Capital Markets, said then, "Here's a business that benefits from that digitization and movement online." From \$46.15 on the first trading day, the stock price rose to as high as \$177.94 until the short-seller report came out.

The \$5.1 billion global payments technology company hasn't stopped tapping into new markets. Nuvei is present in more than 200 global markets and maintains key relationships with leading credit card companies like **MasterCard** and **Visa**.

Chairman and CEO Philip Fayer is pleased with the momentum, strong volume growth in e-commerce, and multiple new alternative payment methods.

In the nine months that ended September 30, 2022, revenue increased 21.5% year over year to US\$622.98 million, although net income declined 44.5% to US\$52.6 million from a year ago. Still, Nuvei maintains 30%-plus annual year-over-year growth targets for total volume and revenue in the medium term.

Fayer adds that Nuvei has a much more meaningful and visible presence because of its deep and growing pipeline and is no longer underpenetrated.

Bargain prices but higher risk

Lightspeed Commerce and Nuvei still trade at bargain prices at the start of 2023. However, you must have a higher risk appetite and patience to own them. While a recession could stifle sales, the companies will continue to benefit from the ever-growing e-commerce industry.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)
2. TSX:NVEI (Nuvei Corporation)

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