



The 2 Tech Stocks That Analysts Think Could Skyrocket 40% This Year

Description

After taking a pounding in 2022, several [tech stocks](#) have staged a comeback in the first six weeks of the new year. Despite the recent uptick in share prices, tech stocks continue to trade at a discount compared to historical valuations and consensus price target estimates.

Here, I have shortlisted two such tech stocks that analysts believe can gain at least 40% in the next 12 months.

A cybersecurity heavyweight

One of the fastest-growing cybersecurity companies on the planet, **CrowdStrike** ([NASDAQ:CRWD](#)) is valued at a [market cap](#) of \$27.2 billion. Down 60% from all-time highs, CrowdStrike stock is trading at a discount of 44% compared to average price target estimates.

CrowdStrike is an enterprise-facing, cloud-based cybersecurity company that is part of a rapidly expanding addressable market. The shift towards remote work, digitalization of the global workforce, and an uptick in connected devices will all act as tailwinds for CrowdStrike and its peers.

CrowdStrike ended the October quarter with annual recurring revenue or ARR of US\$2.34 billion — an increase of 54% compared to the year-ago period, which is exceptional given the current macro-environment triggered a slowdown in enterprise spending.

CrowdStrike's flagship platform is called Falcon, which has a portfolio of 23 products. On average, 60% of CRWD customers subscribe to at least five of these products, providing the company with enough room to upsell its modules, increase customer spending and generate recurring cash flows across business cycles.

CRWD also ended the most recent quarter with remaining performance obligations of US\$2.8 billion. This metric provides us with visibility into CrowdStrike's revenue. The cybersecurity giant has confirmed around 35% of its RPOs will be realized in the next 12 months.

Analysts tracking CRWD stock expect the company to end fiscal 2024 with US\$3 billion in sales compared to revenue of US\$1.45 billion in fiscal 2022. So, CRWD stock is priced at nine times forward sales, which is quite steep.

But CrowdStrike's strong balance sheet, revenue visibility, and stellar growth estimates make it a top bet in 2023 and beyond.

A fintech growth stock

A company operating in the fintech space, **Lightspeed Commerce** ([TSX:LSPD](#)), is valued at \$3.45 billion by market cap. Trading at a discount of 86% compared to all-time highs, Lightspeed stock can gain 40% in the next 12 months, according to Bay Street.

LSPD's sales in the December quarter rose 24% year over year to US\$188.7 million, while gross payments volume rose 75% to almost US\$4 billion. The number of customer locations processing over US\$500,000 annually in terms of gross transaction volumes also rose by 15%.

Over the years, Lightspeed has focused on building a robust fintech platform to enable small and medium businesses to reduce costs, automate processes, leverage data, improve overall efficiency, and scale their operations.

While still unprofitable, LSPD is on track to report adjusted earnings of \$0.09 per share in fiscal 2024, compared to a loss of \$0.49 per share in fiscal 2022. The company also reported an adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) loss of \$5.4 million in the most recent quarter compared to its previous estimate of a loss of \$9 million.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:CRWD (CrowdStrike)
2. TSX:LSPD (Lightspeed Commerce)

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