



## Why Lightspeed (TSX:LSPD) Is One of the Best Tech Stocks to Buy

### Description

**Lightspeed** ([TSX:LSPD](#)) sells payment processing systems to small and medium-sized businesses. The Montreal-based company went public on the **TSX** on March 7, 2019.

### A successful IPO that will allow Lightspeed to grow globally

Founded by Dax Dasilva 14 years ago, Lightspeed was officially worth close to \$1.4 billion when it started trading on the TSX at an initial offering price of \$16.

By the end of the day, shares were already worth more than \$1.65 billion. Shares are now trading around \$40 at writing and market capitalization is over \$3.3 billion.

About one-fifth of the company was sold to investors through its IPO. Dasilva retains control with the majority of voting shares.

Lightspeed's IPO was one of the top 10 largest technology IPOs in the history of the TSX.

The IPO has raised more than \$240 million for the company, which develops point-of-sale software used by more than 50,000 retailers and restaurants. Being public will help the company sell to more of those businesses, as it will have greater visibility.

IPOs are rare among Canadian venture capital firms. The most promising companies are often acquired by larger players before becoming public.

Rather than being acquired, Lightspeed now plans to make strategic acquisitions to grow globally. It has bought five companies in the U.S., Canada, and Europe. There are 47 million businesses globally in its target market.

Currently, Lightspeed has 47,000 customers in 100 countries and 700 employees located in eight offices worldwide. In fiscal 2019, Lightspeed had revenues of US\$77.5 million, which ended March 31;

that's 36% higher than the revenues of US\$57 million it earned in fiscal 2018.

Revenues increased 38% to US\$24.1 million for the three months ended June 30, from US\$17.5 million in the first quarter of the prior year.

The company expects to end the 2020 fiscal year, with revenues growing 45 to 48% to reach between US\$112 million and US\$115 million.

## Lightspeed qualifies to access the S&P/TSX

Barely six months after its IPO, the Montreal-based provider of e-commerce solutions could enter the **S&P/TSX Index** on September 20.

After its stock soared by 150%, Lightspeed meets the criteria to be in the main index of the TSX, according to AltaCorp Capital. Among these criteria, the value of freely tradable shares equals 0.75% of that of the index, which is more than the required minimum of 0.04%.

Lightspeed, however, has fallen 20% since August 12 because a dozen shareholders, including the Caisse de dépôt et placement du Québec and venture capital firm iNovia Capital took advantage of the \$49.70 peak to sell 200 million dollars of shares.

Founder Dax Dasilva sold more than \$40 million worth of shares. However, the company gave up issuing 1.2 million new shares due to market conditions.

Adding a stock to the index requires the index funds and the managers who buy them to buy the stock to match the performance of the index. So, it should help to boost Lightspeed's share price.

## A promising tech company

Lightspeed appears to be a good bet in the technology sector. It's a promising company with lots of potential, as it's expanding in many countries around the world.

The share price has soared more than 150% since Lightspeed's IPO, and I believe that the stock will keep soaring as the company's revenues increase.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)

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