



Here's How Much Money You'd Have If You'd Invested \$1,000 in Lightspeed Stock's (TSX:LSPD) IPO

Description

Last year, **Lightspeed POS Inc.** ([TSX:LSPD](#)) became one of the most successful Canadian IPOs in recent memory.

The company went public almost one year ago, in March 2019, at a price of \$18.10 per share. As of this writing, one share of Lightspeed is worth \$45.17, which means your \$1,000 investment would be worth a whopping \$2,495!

If you'd invested \$10,000, your investment would be worth almost \$25,000!

Reminiscent of another successful IPO

Lightspeed's fast break out of the gate is reminiscent of another successful IPO.

Two years before Lightspeed's IPO, high-end outerwear maker **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) went public in March 2017. The [stock opened at a price of \\$23.86](#). One year later, the stock price had doubled, trading around \$47 at writing.

The stock soared even higher the following year. In late 2018, shares of Canada Goose were trading as high as \$95!

Unfortunately, shares of Canada Goose fell under pressure in 2019, tumbling to a price of \$45.57 as of this writing.

Lightspeed uses acquisitions to foster growth

Lightspeed offers small- and medium-sized businesses a single source to manage inventory, service, data, staff, and customer relationships. The company boasts a worldwide client base of 57,000 businesses, with a concentration on retail and restaurants.

Although Lightspeed's services overlap with **Shopify**, the potential growth of e-commerce companies leaves room for multiple players. Since its IPO, Lightspeed has been on a buying spree, having completed a [series of major acquisitions in 2019](#).

These acquisitions include: Kounta, a leading Australia-based provider in the hospitality industry; Chronogolf, a solution for golf course operators; and iKentoo, a Switzerland-based POS solutions provider serving merchants in over 14 countries across Europe and Africa.

This trend is continuing into 2020. In early January, Lightspeed announced that it had entered into an agreement to acquire Gastrofix, a fast-growing market leader of cloud-based POS hospitality software in Germany.

Will Lightspeed continue to soar or will the shares plunge like those of Canada Goose?

Lightspeed's stock is heavily valued, trading around 15 times its book value. As with many tech IPOs, it could be a while before the company proves it can be profitable over the long term.

Currently, the company is losing more money than it's making. Lightspeed's [net loss of \\$186 million over the trailing 12 months is double its sales over that period](#).

Still, investors are willing to overlook the losses due to the potential of the company in a fast-growing market segment, which could turn out to be the difference in the fate of Lightspeed versus a company like Canada Goose.

In 2019, Canada Goose was hurt by trade tensions, particularly between the U.S. and China. In addition, over the past several years, retail results have been mixed, while companies operating in e-commerce have fared much better.

Retailers like **Target** and **Walmart** continue to perform well, but many retailers are struggling. The fact that Canada Goose operates in retail and Lightspeed operates in e-commerce bodes well for Lightspeed.

Investors will not have to wait long for another chance to hear from the company. Lightspeed is scheduled to report third quarter 2020 financial results before the market opens on Thursday, February 6.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:GOOS (Canada Goose)
3. TSX:LSPD (Lightspeed Commerce)

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