



Why Lightspeed Stock (TSX:LSPD) Jumped 20% This Week

Description

Yesterday was a great day for investors in **Lightspeed POS** ([TSX:LSPD](#)), as the stock soared over 20% by mid-day trading.

The breakout came shortly after the company released its fourth quarter and year-end results. The company noted a record uptake of its Lightspeed eCommerce, Lightspeed Delivery, and Lightspeed Payments platforms as retailers adjust to new sales channels.

Fourth-quarter and year-end results

For the fourth quarter which ended March 31, Lightspeed's [total revenue increased 70% to US \\$36.3 million](#) from the same period last year. For the full year, total revenue increased 56% to US \$120.6 million.

Lightspeed reported that its recurring software and payments revenue grew 70% to US \$31.8 million, as compared to the fourth quarter of 2019. Likewise, gross margin increased 63% and gross profit grew by 58%.

The company's quarterly losses decreased dramatically, from a previous loss of US \$96.1 million to this quarter's loss of US \$18.6 million.

Lightspeed finished the quarter with US \$210 million in unrestricted cash and cash equivalents, with the ability to borrow another US \$25 million.

These results are impressive, especially given that Lightspeed has [huge exposure to the restaurant and hospitality sector](#), a segment that has been decimated during the pandemic.

Market outlook

Lightspeed offers POS (point-of-sale) hardware and cloud-based payment, inventory, employee, and

customer management solutions. Most of its clients are small- and medium-sized businesses (SMBs).

The POS hardware and software market is expected to grow significantly. According to Fact.MR, the cloud-based [POS terminals market is expected to grow at a CAGR 10%](#) by 2029. This represents a tremendous opportunity for Lightspeed.

Over the past year, Lightspeed's worldwide customer base grew from 49,000 to 76,500.

Recently Lightspeed has made [several acquisitions](#) throughout the world. These acquisitions include POS solutions providers, Kounta and Gastrofix. Kounta, with 7,000 customers, is a POS solutions provider in the hospitality industry in Australia and New Zealand. Gastrofix is a German iPad based POS system with 8,000 customers.

Lightspeed's stock remains volatile

This has been a volatile year for Lightspeed stock. In 2019, its stock quickly surged almost 100% after its March IPO on the back of 50% growth in revenue. Investors were especially excited about the fact that 90% of Lightspeed's revenue was recurring.

Since then, however, stock in Lightspeed has taken a beating. Over the past year, shares dropped as low as \$10.50.

But after this week's earnings release, the stock soared over 20% from the previous day's closing price. As of this writing, the stock is trading at \$29.97.

The bottom line

The pandemic has likely changed the landscape of retail and hospitality forever. Service providers like Lightspeed, once seen as a competitive differentiator, are now essential to retailers hoping to compete in this post-pandemic world.

The just-released quarterly results are encouraging. Since the quarter covered at least several weeks after the start of the COVID-19 stay-at-home orders, it appears that Lightspeed could benefit from the changing landscape of retail, although the volatility in Lightspeed's stock will probably continue.

As CEO Dax Dasilva said, "We are witnessing a historic shift in the way small and medium-sized businesses, the businesses at the heart of our communities, engage in commerce. Being omni-channel has never been more important."

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