



Lightspeed (TSX:LSPD) Still Has Lots of Room for Growth

Description

If you have been investing in Canadian companies for any length of time, you should be familiar with **Lightspeed POS** ([TSX:LSPD](#)). The company first entered the market in March of 2019 and quickly became one of Canada's most watched stocks. Lightspeed grew more than 150% in its first five months after going public.

After reaching its all-time high of \$49.70, the stock had a rough six months before finally crashing along with the broader market in February — all the way to new lows. However, the company has since recovered and still has tonnes of room for growth. Any investor with a long-term outlook should definitely consider this stock.

A word on management

Lightspeed benefits from strong management. Its CEO Dax Dasilva has passionately set out on a mission to make the lives of those running a company much easier. In 2019, Dasilva was [named Innovator of the Year](#) by *The Globe and Mail* as part of its CEO of the Year feature.

Much of his net worth is tied up in Lightspeed stock, with about a 16% ownership stake in the company. This signals the confidence Dasilva has in his company and his willingness to be rewarded, or punished, according to its performance.

Under Dasilva's leadership, Lightspeed has grown organically and through acquisitions. A couple of acquisitions Lightspeed has completed recently are iKentoo and kounta, leaders in POS (point of sale) solutions in Europe and Australia, respectively. The company expects to continue growing using the same strategies in the future.

Recent developments

Because Lightspeed mainly services small- to medium-sized businesses, investors were worried about its exposure when the COVID-19 pandemic forced businesses to shut down. As a result, the company

saw its stock fall over 70%, as many expected to see Lightspeed's growth suffer significantly. Since the market bottom, shares have recovered over 170%, even reaching as high as \$35.44.

The [latest boost in stock price](#) came as a result of its positive earnings call. During the peak of the COVID-19 shutdown, Lightspeed was quick to aid its client base. The company offered free three-month subscriptions to some of its products, including Lightspeed e-commerce. This resulted in a 400% increase in gross transaction volume by the end of March compared to the month prior.

The company also reported increases in customer locations, total revenue, and gross profit. These results are very promising given the amount of doubt placed on the company by investors over the past quarter.

Although Lightspeed has recovered a lot since the market bottom, it is still trading about 30% from its all-time high. It is tough to say whether the company was trading at fair value at the time, but if Lightspeed continues to innovate and grow, as it has in the past year, chances are it can get back to those levels.

Foolish takeaway

Lightspeed is a very young company with extremely high expectations. As a result, its stock can be very volatile. While not everyone is comfortable investing in small growth companies, there is definitely a lot of opportunity in this stock. Lightspeed deserves to be added to your watch list at the very least.

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Author

jedlloren

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