



## Got \$1,000? Time to Load Up on This Top Growth Stock

### Description

Growth stocks finally got a taste of reality yesterday. It might have been just a temporary blip or a signal of a broader market sell-off to come. The fact is, the market was probably due to correct coming into the fall. The **S&P 500** just hit all-time highs, and the **TSX** is trading only 7% below its all-time highs set in February.

### Growth stocks were due for a correction

With concerns around a pandemic resurgence, weaning economic fiscal and monetary stimulus, and, of course, the U.S. election, markets were due for some sort of correction. Consequently, the recent volatility is not really a surprise.

If you felt like you missed the massive rally from March, then now may be the time to load up for the long term on some quality growth stocks. Got a few thousand dollars to invest? Here is my top growth pick to buy in September or on any major pullback.

### Put \$1,000 to work in this top growth stock

**Lightspeed POS** ([TSX:LSPD](#)) is a growth stock that Canadians should have on their radar. It provides an omni-channel point-of-sales system for retail and hospitality merchants. From hitting lows in March, [this stock has had a momentous 258% recovery](#). Despite that, I still believe this stock has some serious traction for growth now and in the future.

### Lightspeed has a solid business model

Lightspeed has strong business model, where 90% of its revenues are subscription based and recurring. Many investors were worried about the stock when store-front retailers and restaurants were closed in March. However, Lightspeed's revenues were largely unaffected and customer churn was lower than expected.

In fact, Lightspeed's omni-channel sales software proved pivotal to its merchants during the pandemic. Merchants *need* diverse sales channels that incorporate e-commerce, apps, loyalty programs, and delivery/pick up optionality with a store-front business.

## Growth hasn't slowed in 2020

Consequently, Lightspeed has seen an acceleration in customer adoption since the pandemic. In its first quarter 2021, this stock saw revenue growth of 51% year over year. While revenues were on par with last quarter, it did narrow its adjusted EBITDA loss to only (\$2.2) million. Gross transaction volumes related to e-commerce increased by almost 100%! The point is, despite COVID-19 challenges, this business continues to see growth, and so should the stock.

Lightspeed has a solid balance sheet with a net cash position of about \$175 million. Not only is this a nice safety net, but it also affords the ability to keep developing creative merchant solutions. It also give Lightspeed the capacity for geographic and vertical expansion through acquisition.

## More services, healthier merchants

Lightspeed has developed some really useful services to help support its merchants. One service is Lightspeed Capital. It provides merchant financing/cash advances, and then gets a portion of their sales until the loan is paid off.

This type of program has been successful with other payments providers like **Shopify** and **Square**. If Lightspeed fully internalizes and deploys this service, it could meaningful contribute to revenue growth over the next few years.

Likewise, it has developed new merchant tools that enable curb-side pick-up, contactless payment, digital wallets, and retail analytics. Also, it [recently announced](#) a new service offering for restaurants that integrates digital menus, delivery optionality, bookings, and social media in one platform.

In a new digital era, these technologies are crucial for retailers and restaurants ability to survive and thrive. As a result, I believe Lightspeed stock should benefit from strong growing customer demand.

## The Foolish takeaway

The stock was down 8% yesterday. That's sounds like a decent opportunity to jump in on the long-term growth prospects of this top stock.

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