



Lightspeed POS (TSX:LSPD) Spikes 16% on Blockbuster Q2: Should You Buy?

Description

Shares of the **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) closed 16.3% higher on Thursday, thanks to its robust [second-quarter](#) performance and upbeat revenue outlook for the third quarter of fiscal 2021.

Lightspeed's revenues jumped 62% year over year to US\$45.5 million, well ahead of its previous guidance range of US\$38-US\$40 million. Moreover, the recurring software and payments revenues increased 62% year over year to \$41.1 million. Lightspeed's adjusted EBITDA also fared better than management's expectations.

Its GTV (gross transaction volume) increased 56% to US\$8.5 billion, while payment revenues surged 300% during the second quarter. Lightspeed's stellar financial performance came after the continued shift of small- and medium-sized businesses towards omnichannel solutions. The accelerated pace of digital transformation also led to a 40% jump in customer location counts, which stood at 80,000 at the end of the quarter.

Strong fundamentals

The structural shift towards the omnichannel platform has created a multi-year growth opportunity for the company and should drive its customer base, average revenue per user, and payment volumes.

The secular industry tailwinds should support Lightspeed in expanding its customer location footprint by rapidly driving customers to adopt the cloud-based omnichannel platform. Lightspeed remains well positioned to grow in the existing markets and target new customers and geographies.

Moreover, the expansion of its product suite is likely to support its average revenue per user and monetize a large portion of its GTV. Investors should note that about 40% of its customers are currently using more than one Lightspeed module, which is encouraging and signifies significant potential to increase customer penetration.

Thanks to the momentum in its base business, Lightspeed expects to generate revenues of US\$44-

US\$47 million in the third quarter, reflecting year-over-year growth of 36-46%.

Acquisitions to bolster its growth further

Besides the strong momentum in its base business, Lightspeed is also focusing on strategic acquisitions to further bolster its growth. Lightspeed announced the acquisition of ShopKeep for US\$440 million during the quarter. The company said that the acquisition of ShopKeep “immediately expands Lightspeed’s U.S. market share, allowing for increased investment in sales, marketing, and research and development to capitalize on the increasing demand for modern, cloud-based, omnichannel commerce solutions.”

Upon closure of the deal (expected to close in Q3), Lightspeed will have more than 100,000 customer locations, with a GTV of about US\$33 billion.

For the trailing 12-month period ended September 2020, ShopKeep generated revenues of about US\$50 million and GTV of US\$7 billion.

Should you buy Lightspeed stock?

I have said it many times before that Lightspeed POS is [top TSX-listed tech stock](#) that should be a part of your portfolio. Its stock is up about 46.5% year to date. Meanwhile, it has rallied over 403% since hitting its low of \$10.50 on March 19, 2020.

Despite the astronomical growth in the recent past, Lightspeed POS has enough fuel that could continue to propel its stock higher over the next decade.

Besides favourable industry trends, Lightspeed’s large addressable market, expansion of its products and customer base, acquisitions, and momentum in its recurring software subscriptions revenue should continue to help Lightspeed POS to deliver stellar returns in the coming years.

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