



## Lightspeed POS (TSX:LSPD) Breaks Out: Should You Buy at the New High?

### Description

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) skyrocketed 16.3% on Thursday as a part of a [broader relief rally](#) driven up by high-growth tech stocks. The Canadian commerce-enabling tech sensation is one of the few names you'll ever come across that can bounce back to hit a new all-time high within just a few months after losing over 72% of its value in a [catastrophic implosion](#).

I've been urging investors to back up the truck on the unprecedented implosion in the stock for many months after shares fell off a cliff. With profound pandemic tailwinds to the early-stage growth firm's back, investors are piling into the name once again. But now that the massive pricing blunder by Mr. Market has been corrected, does it still make sense to initiate a position at a new all-time high? Or could the name be headed for an abrupt reversal in the next market-wide meltdown?

With shares up nearly 350% from their March lows, the valuation on Lightspeed POS stock is now difficult to stomach, especially if you consider yourself a value-conscious investor. While the name is no longer a massive steal as they were in the months following the vicious February-March crash, I still think shares aren't as expensive as they could be at just north of 21 times revenues.

I've noted that the Lightspeed POS growth story "rhymed" with that of **Shopify's** in prior pieces. As you may remember, Shopify stock sported the same lofty multiple north of 20x sales. Yet, I continued to urge investors to buy the stock, as unappreciated pandemic tailwinds would likely make the expensive stock even more expensive.

## Lightspeed POS: What a run it's been!

Like Shopify, Lightspeed has been seen as a lifeline for many distressed small- and medium-sized businesses (SMBs) that have felt the full force of the coronavirus crisis. Many of Lightspeed's users are at ground zero of the crisis (restaurants and brick-and-mortar retailers).

However, when the stock imploded on itself, it was as though investors assumed the crisis would cause a majority of them to go belly up. That wasn't the case, however. In fact, Lightspeed did its part to help many distressed SMBs digitally transform their business to better adapt to the unprecedented

times.

“What many investors have discounted is the fact that Lightspeed may be more of an ‘on-ramp’ for various traditional brick-and-mortar retailers that have yet to jump on the e-commerce bandwagon,” I wrote in a prior piece, urging investors to buy Lightspeed POS stock on the dip.

“You see, Lightspeed has an impressive e-commerce platform and a lineup of compelling offerings that it can upsell to its existing clientele. The future of retail isn’t just 100% digital. It’ll likely be a mix of both physical and digital. And over the extremely long term, Lightspeed POS is a terrific way to play not only the transition of physical retailers to the digital realm but potentially the transition of digital to physical.”

## So, should you buy LSPD stock at the new high?

The average investor has now recognized the digitization on-ramp I highlighted when Lightspeed POS was down in the ditches. The secret is out, and the easy gains have already been made. While I’m still bullish on the longer-term growth prospects, I’m reluctant to recommend shares after its exponential bounce.

Sure, Lightspeed POS stock is far cheaper than the likes of a Shopify, it’s no Shopify. In a prior piece, I noted that the pandemic was more of a double-edged sword for Lightspeed, presenting both tailwinds and headwinds.

In a drastic worsening of this crisis, the headwinds could start to overpower the now-appreciated tailwinds, and we could see some investor panic once again should the crisis spark an uptick in insolvencies among Lightspeed’s more vulnerable SMB clients.

Personally, I’d take profits here, as Lightspeed looks fair-valued at around \$53.

### CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

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