



## Lightspeed POS (TSX:LSPD): 3 Reasons Momentum Could Continue in 2021

### Description

Now that the dust has settled, and investors have moved on from the initial excitement about **Lightspeed POS's** ([TSX:LSPD](#))([NYSE:LSPD](#)) recent earnings report, I can drop my two cents. Here are three reasons I believe the company could sustain this momentum heading into 2021, even in the worst-case scenario.

### Christmas shopping

It's obvious that Lightspeed's transition to online shopping is now complete. The company's revenues are up over the past two quarters, even when you exclude its recent acquisitions. Most shops and restaurants have been shut over these six months, so the fact that Lightspeed could still squeeze out growth is a testament to its digital pivot.

This pivot should serve it well as we enter the crucial Christmas shopping season. As people are confined to their homes and bolstered by government stimulus checks, I expect online shopping to surge this winter like never before. That means payment processors like Lightspeed could break records for GMV and sales over the next three months.

The surge in online shopping should be reflected in the company's next quarterly report, which is expected in early 2021. Although expectations are high, if the company can surpass them this Christmas, Lightspeed stock could touch record highs.

### Return to normalcy

A few months after the Christmas shopping season, the world should start gradually climbing back to normalcy. The [new vaccine](#) from **Pfizer** still needs to be tested and could take months to reach people, but I expect significant traction by summer 2021, assuming the vaccine is truly as effective as they say it is.

This return to normalcy should boost Lightspeed's prospects. The management is certainly indicating it. In recent months the company has made three acquisitions: ShopKeep, Kounta, and Gastrofix. All three are related to what you might call "rebound industries" such as hospitality and retail.

It looks like Lightspeed's management is taking advantage of the current crisis to pick up distressed assets while it can. This contrarian bet should pay off if, indeed, the vaccine's distribution plays out as expected. That could unlock tremendous value for shareholders.

## Lightspeed's stock valuation

Even if the vaccine isn't as effective, and the return to normalcy drags out longer than expected, Lightspeed stock seems fairly priced when you consider its current traction. The stock is trading at 26 times sales. Compare that to **Visa's** price-to-sales ratio of 24.2.

The company also reported \$513 million in cash and cash equivalents on its books. That represents roughly \$5.64 per share. In other words, Lightspeed stock is trading at a price-to-cash ratio of just 8.9. That's incredible for a hyper-growth tech stock.

This cash, of course, enables Lightspeed to weather any storm that lies ahead or acquire more distressed startups to boost its top line. Meanwhile, the debt-to-equity ratio is low enough (7%) to assuage concerns about liquidity.

## Bottom line

Like most people, I overlooked Lightspeed POS, because it was getting a lot of attention and was operating in a competitive field. However, the numbers from this recent quarter coupled with the outlook for the future makes me wish I had some exposure here.

If you own this stock, congratulations. If not, perhaps it's time to take a closer look.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

**Category**

1. Investing
2. Tech Stocks

**Date**

2025/09/18

**Date Created**

2020/11/15

**Author**

vraisinghani

default watermark

default watermark