



Lightspeed POS (TSX:LSPD) Stock at Record High, Gaining 645% Since March!

Description

Shares of Canada-based tech company **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) are trading at \$78.14, which is 645% above its 52-week low. LSPD stock touched a record low of \$10.5 in March after a sustained sell-off due to the COVID-19 pandemic.

However, it has since [made a stunning comeback](#) in the last eight months, easily outpacing the broader market.

Lightspeed is growing at a stellar pace

Lightspeed is one of the fastest-growing companies in Canada. In the second quarter of fiscal 2021, the company's sales grew by 62% year over year to US\$45.5 million, while the gross transaction value (GTV) on its platform soared by 56% to US\$8.5 billion. Its payments sales were up 300%, while its customer locations expanded to 80,000.

The company attributed its sales growth to a growing customer base, increased adoption of software modules, and increased payment penetrations. LSPD claims small and medium businesses are abandoning legacy point-of-sale systems and shifting to its cloud-based solutions.

Focus on acquisitions

In the last month, LSPD has announced two acquisitions. It [acquired Upserve](#), which is a restaurant management cloud-software company that aims to redefine the digital dining experience. This acquisition is valued at US\$430 million, which is almost 11 times Upserve's trailing 12-month revenue of US\$40 million.

LSPD also closed the acquisition of ShopKeep for US\$145 million. It is a New York-based cloud commerce platform provider. These acquisitions will help Lightspeed gain traction in other verticals and drive top-line growth at an enviable pace.

LSPD said, “Our team has a strong track record of building value from acquisitions, having successfully acquired and integrated several companies. We are well positioned to identify and capitalize on further opportunities that would enable us to expand our customer base, enhance our technologies, and allow us to enter new countries and verticals.”

What’s next for investors?

Lightspeed is part of a rapidly expanding market and has a strong presence in Canada, the U.S., Europe, and Australia. Its portfolio of solutions allows restaurants and retailers to manage operations, increase customer engagement, as well as accept payments.

No single customer accounts for more than 1% of total sales, and the company generates over 33% of revenue from outside North America. Its customers have generated an average of more than 20% revenue growth in their first full year on the LSPD platform, indicating a strong net dollar retention rate.

Lightspeed Payments, which is a payment-processing solution, was launched in 2019 and is completely integrated with the LSPD platform. This allows Lightspeed to monetize a portion of customer GTV that passes through its platform, resulting in incremental sales.

The Foolish takeaway

Lightspeed is valued at a market cap of \$8.75 billion, which means its trading at a steep forward price-to-sales multiple of 35. The company remains unprofitable and may be due for a correction given its stunning performance in 2020.

However, any weakness in the Canadian growth stock should be viewed as a buying opportunity. Analysts tracking LSPD stock have a 12-month average target price of \$56, which is 28% below the current trading price.

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Date

2025/09/27

Date Created

2020/12/04

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