



Why LSPD Stock Could Still Have Room to Run Higher in 2021

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is one of those stocks investors are kicking themselves over not buying on March lows. This stock has rallied approximately 900% from its 52-week lows, at the time of writing.

That sort of return is truly incredible. As with its tech peers, some investors may be wondering if this stock has appreciated too high too fast.

Here are a couple reasons why Lightspeed might be a stock with more room to run this year.

Acquisitions the story with Lightspeed

One of the reasons Lightspeed has been able to increase its revenue and transaction volume at such a rapid rate is the company's pace of acquisitions. Essentially, Lightspeed has been buying market share. The company is gobbling up smaller regional players and integrating them into its

In a [recent article](#), I discussed a couple recent acquisitions Lightspeed made at the end of last year. These acquisitions targeted the restaurant and retail POS channels, which Lightspeed is continuing to grow its market share in. I related this growth story to a Canadian growth superstar with a similar business model: **Constellation Software** ([TSX:CSU](#)). Indeed, if Lightspeed is able to obtain even half the growth rate Constellation has over the past decade in the coming 10 years, this stock could be attractive today.

Target prices bullish for investors

Fellow Fool contributor Daniel De Costa aptly dove into the [price targets](#) analysts have placed on Lightspeed stock. In a recent article, he wrote: "The analysts who currently cover Lightspeed are split on the stock, with just under half rating it a hold and the rest with a buy rating. As you can see below, the average target price is about \$103 — roughly 10% upside from here."

While the analyst's target prices generally reflect where they think the stock will be a year from now, it doesn't mean developments in the meantime can't improve the outlook. As you can see over the last six months, as Lightspeed's stock has been increasing, analyst target prices have increased along with it."

Indeed, it appears the Street is bullish on Lightspeed's potential. The company's growth rate appears to be validated by some pretty big analytical brains.

That said, investors need to keep in mind that target prices tend to keep pace with a stock's performance, and therefore its price, over time. As De Costa points out, target prices ought to be used as a tool, but not be treated as gospel.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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