



Why Did Lightspeed POS (TSX:LSPD) Stock Jump 13%?

Description

For the past few days, I kept reiterating that **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is a buy while it still trades around \$70 as the company is now entering a recovery phase. On May 20, the stock jumped 13% as company's CEO Dax Dasilva said the recovery is here in the fiscal 2021 earnings call.

Many investors think that after a 143% surge last year, Lightspeed stock has reached its growth potential. Last year, it benefitted from a demand surge in the retail segment. This year, it will benefit from a recovery in the restaurant sector, which accounted for 45% of its revenue in fiscal 2021.

Three key takeaways from Lightspeed's fiscal 2021 earnings

Before I jump to the key takeaways, here are some [earnings](#) highlights. Lightspeed once again beat its estimate, with revenue of US\$82.4 million (up 127% year over year) against its guidance of \$70 million. Around US\$31 million of the revenue was from its two big acquisitions of ShopKeep and Upserve. Acquisitions will continue to be a major part of Lightspeed's [growth strategy](#).

Moreover, Lightspeed accelerated its innovations that more than doubled its fiscal 2021 net loss to US\$124 million from US\$53.5 million last year. But the losses will reduce as revenue picks up, and this is where the key takeaways from the earnings come.

Recovery in the restaurant sector

Lightspeed's fiscal 2021 earnings showed the level of growth from the recovery in the restaurant sector. In fiscal 2021, the company saw weakness in the restaurant segment as the pandemic-induced lockdown forced many restaurants to lock their gates. As the pandemic eases in some areas of the world, the hospitality sector is reopening.

Lightspeed saw its hospitality gross transaction volume (GTV) surge 10% in March and 14% in April compared to the previous month. Its Australia operations are largely in the hospitality segment, where it saw more than 75% sequential growth in GTV. If the global hospitality sector recovers, Lightspeed's GTV from this segment could surge more than 50% in fiscal 2022.

Growing penetration of Lightspeed Payments

In the previous quarterly earnings, Dax Dasilva said that the company will focus on Lightspeed Payments. The company succeeded in increasing the Payments reach to 10% of GTV in March. The Payments service is transaction-based, where it earns a commission on every transaction. In fiscal 2021, its transaction-based revenue surged 195% to US\$83 million, while its subscription revenue grew 51% to US\$119.3 million. Lightspeed Payment was also a key factor behind a 48% increase in its average revenue per user (ARPU).

Lightspeed is looking to enhance its transaction-based revenue, for which it needs to increase its GTV. Hence, it has integrated **Google** tools like Google Local Inventory Ads, Google Smart Shopping Campaigns and Google My Business to its platform. These tools will help Lightspeed merchants increase their visibility on the internet, thereby facilitating more footfalls and more transactions.

Even **Shopify** and **Amazon** moved to merchant solutions to expand their revenue. These solutions now account for a larger portion of their revenues.

Robust revenue outlook

Lightspeed's revenue growth accelerated from 36% in fiscal 2019 to 84% in fiscal 2021. It expects fiscal 2022 revenue to almost double (98%) to \$440 million at the midpoint of the guidance. This guidance excludes any future acquisitions it will undertake and represents acceleration in revenue growth without the pandemic boost.

Bottom line

The above growth factors have revived investor confidence in the omni-channel platform and driven the stock up 13%. Moreover, Lightspeed will see a seasonal uptrend in the second half of the calendar year, giving more reasons for the stock to surge. Buy the share while it still trades below \$80. It has the potential to reach \$100 and beyond.

CATEGORY

1. Coronavirus
2. Investing
3. 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. Coronavirus
2. Investing
3. Tech Stocks

Date

2025/07/07

Date Created

2021/05/21

Author

pujatayal

default watermark

default watermark