



Lightspeed POS's (TSX:LSPD) Acquisition Spree Continues: Time to Buy?

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) continued its massive growth-through-acquisition strategy today after [making two deals](#) worth US\$975 million. Lightspeed stock purchased Ecwid for about US\$500 million and NuORDER for a further US\$475 million.

For those keeping score, this recent investment brings the total acquisitions to a total of four major acquisitions in the last year alone. The total in acquisitions since January 2020 is about US\$2.3 billion in investments.

The Ecwid deal

Lightspeed stock has been on a tear when it comes to acquisitions, but this latest is by far the largest. Before these deals, Lightspeed stock's purchase of ShopKeep was the largest at US\$440 million. The acquisition of Ecwid for US\$500 million blew that out of the water; and not to mention the acquisition of NuORDER was still higher than ShopKeep's acquisition at US\$475 million.

While these deals came out on the same day, it's important to note that each isn't contingent with the other. Ecwid is a U.S.-based e-commerce platform. The goal from this transaction is for Lightspeed stock to have access to helping merchants reach shoppers through multiple platforms and marketplaces. Ecwid serves over 130,000 paying customers in over 100 countries. It recently generated revenue of \$20 million, growing 50% year over year. The deal will see Lightspeed stock buy Ecwid for \$175 million in cash, and shares are valued at \$325 million.

The NuORDER deal

As for NuORDER, this digital platform aims to help Lightspeed stock merchants reach suppliers, simplifying the ordering and shipping procedure. It should also help accelerate the company's financial services offerings, including Lightspeed Payments and Lightspeed Capital. Furthermore, it creates important connections with top brands like **Canada Goose Holdings**, Steve Madden, and Converse.

But NuOrder isn't just these brands. It offers over 3,000 brands and 100,000 retailers, making more than \$11.5 billion in orders during the last year. The company generated revenue of over \$20 million, growing 30% year over year. NuOrder will be acquired for \$212.5 million cash and \$212.5 million in shares.

"As economies reopen and business creation accelerates, we hope to embolden entrepreneurs with the tools they need to simplify their operations and scale their ambitions," stated Dax Dasilva, founder and chief executive officer of Lightspeed stock. "By eliminating the barriers merchants face when selling online, we will only more rapidly achieve our common vision of democratizing retail for independent businesses worldwide."

What does this mean for Lightspeed stock?

These acquisitions made by Lightspeed stock come on the tailwinds of a [pivotal moment](#) in the e-commerce industry. Amid the COVID-19 pandemic, which pushed businesses online during lockdowns, Lightspeed stock saw a different avenue than peers. The company is focusing on unifying the digital and physical operations through these recent deals, rather than separating them.

Some analysts worry Lightspeed stock may have overpaid for these companies, and it's something President Jean-Paul Chauvet acknowledged — especially as it added almost half of its total US\$2.3 billion investments through acquisitions. Add to that the value is about 15 times the forward revenue for each company. Yet management remains firm in the future momentum of these businesses.

The acquisitions cement the current growth strategy for the next five years, according to management. Lightspeed stock gets a massive customer base, as well as the increase in payments opportunities. Both deals are set to come through in September, so it won't be until the end of 2021 or even 2022 before we see if the deals were really worth it.

Foolish takeaway

While it is a lot of investing during a short period of time, investors that are confident about Lightspeed stock and its growth trajectory should continue to see shares climb. The stock is up 163% in the last year alone but still down 15% from all-time highs over \$100 per share.

But shares are still expensive trading at 40.9 times sales. So, before you go diving into this stock, become familiar with its future beyond acquisitions. However, given the growth outlined in the next five years, investors seeking long-term strategies would do well to add Lightspeed stock to their watchlists.

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Author

alegatewolfe

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