



## This Canadian Tech Stock Could Double Your Investment Over the Next 3 Years

### Description

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) was one of the beneficiaries of pandemic-induced lockdown. After delivering an impressive return of 149% last year, the uptrend has continued, with the company's stock price trading 10.8% higher for this year. This surge has also driven the company's valuation higher. However, I am still bullish on the company, given its high-growth prospects. So, here are its recent performances and growth prospects, which justify my bullish view.

### Impressive fourth-quarter performance

Last month, Lightspeed POS had [reported](#) an impressive fourth-quarter performance, which ended on March 31. Its top line grew by 127% to US\$82.4 million, driven by organic growth and contributions from the acquisition of Upserve and ShopKeep. Meanwhile, the company's Payments division witnessed substantial growth, with its revenue reaching all-time highs. Also, amid an expanding customer base and upselling, its Software vertical posted an impressive performance during the quarter. Meanwhile, its GTV (gross transaction value) grew 76% on a year-over-year basis to US\$10.8 billion.

Amid its continued M&A activities, the company is yet to become profitable. However, its adjusted EBITDA losses declined from US\$17 million in the previous years' quarter to US\$9.6 million. Its financial position also looks healthy, with its cash and cash equivalents standing at US\$807.2 million as of March 31.

### Lightspeed POS's growth prospects

The pandemic has hastened the digitization process. As a result, even small- and medium-scale businesses are looking to increase their digital presence. Along with this secular shift, increased adoption of online shopping has created long-term growth potential for the company. Meanwhile, Lightspeed POS is also looking at expanding its product offerings to increase its customer base and expand its market share. In the last fiscal, it had introduced Lightspeed Capital, eCommerce for Restaurants, and Order Ahead.

Along with organic growth, Lightspeed POS is also focusing on acquisitions to drive its growth. Over the last few months, it had completed the acquisitions Upserve, ShopKeep, and Vend. Currently, the company is working on closing the acquisitions of Ecwid and NuORDER, which could significantly boost its eCommerce business. Further, these acquisitions could accelerate the company's financial services offerings, such as Lightspeed Payments and Lightspeed Capital, and establish Lightspeed POS as a global distribution network for leading brands.

With its financial position looking strong, I believe the company could continue with its M&A activities, which could expand its footprint, strengthen its market share, and boost its financials. So, [the company's growth prospects look healthy](#). Meanwhile, the company's management expects its top line in fiscal 2022 to come in the range of US\$430-US\$450 million, representing a significant rise from US\$221.7 million in fiscal 2021.

## Valuation and analysts' recommendations

Amid the substantial increase in its stock price, Lightspeed POS's valuation has also increased. Currently, the company's forward price-to-sale multiple stands at 26.7. Meanwhile, analysts expect its top line to grow at around 104%, 38%, and 39% over the next three years, respectively. So, given its high-growth prospects, I believe the company's valuation is justified.

Analysts are bullish on Lightspeed POS. Of the 17 analysts covering the stock, 14 have given a "buy" rating, while three analysts have issued a "hold" rating. Further, analysts' price targets range from \$81.21 to \$152.35, with the average price target standing at \$110.38, representing an upside potential of 10.9%.

## Bottom line

Despite its high valuation, I believe the uptrend in the company's stock price could continue. Given the favourable industry trend, its continued M&A activities, strong financial position, and innovative product offerings, I expect Lightspeed POS's stock to double over the next three years.

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