



3 Reasons to Buy Lightspeed POS Stock Right Now!

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is one of the top [growth stocks](#) on the **TSX**. It went public in March 2019 and has since returned a stellar 473%. Comparatively, the **S&P 500 Composite Index** and the **iShares S&P/TSX ETF** have gained 62% and 36.5%, respectively in the last 15 months. Despite Lightspeed's market-beating returns, the tech stock remains a solid bet for long-term investors. Here's why:

Strong revenue growth

Lightspeed has managed to grow its revenue at a robust pace. Its sales have increased from US\$57 million in fiscal 2018 to US\$221.7 million in fiscal 2021, indicating annual growth of 57.26%. Bay Street analysts [expect its sales](#) to more than double in fiscal 2022 to US\$452.66 million and rise by 35% to US\$611.6 million in 2023.

This astronomical growth in the top line will help LSPD improve its profit margins as well. The fintech giant is still reporting a net loss. Its operating loss accounted for 37% of sales in 2018, and 27% of sales in 2019. However, due to acquisitions and increased spending amid the ongoing pandemic, its operating loss accounted for 51% of sales in 2021.

Analysts expect LSPD to narrow its loss per share from US\$1.16 in fiscal 2021 to US\$0.4 per share in 2023.

Focus on acquisitions

Lightspeed has managed to increase its revenue due to its focus on accretive acquisitions. The company has acquired 13 companies in the last two years, including the two buyouts it closed last month.

Lightspeed announced it intends to buy Ecwid for US\$500 million. It will pay the latter US\$175 million in cash and US\$325 million in LSPD stock. The second acquisition was of NuOrder for US\$425 million.

These acquisitions allow Lightspeed to gain traction in other international markets as well as expand its customer base.

For example, Ecwid enables SMEs to add online stores to their existing websites. It has 130,000 paying customers in 100 countries. Similarly, NuOrder is a U.S.-based B2B e-commerce platform and has worked with 3,000 brands that include **Canada Goose** and Steve Madden, among others.

Lightspeed Payments and more

Another key driver of revenue growth is the company's payments and financing solutions. Lightspeed Payments is a payment processing solution available to U.S. and Canadian retail customers as well as to hospitality customers south of the border. The rollout of this solution to LSPD's European and Australian market represents a significant growth opportunity for the company.

Lightspeed explains, "Offering fully integrated payments functionality is highly complementary to the platforms we offer our customers today and allows us to monetize a greater portion of the GTV processed on our platforms annually."

It added, "For SMBs, this service further reduces complexity by integrating seamlessly into our existing platforms, eliminating the need to deal with a separate payments provider and the related data reconciliation, and allowing for more accurate management of their businesses and easier access to additional Lightspeed products, such as Lightspeed Capital."

Its Lightspeed Capital solution helps merchants with business growth and allows them to purchase inventory, invest in marketing or manage cash flows by providing financing up to US\$100,000.

Record sales from Lightspeed Payments meant the company's transaction-based revenue almost tripled to US\$83 million in fiscal Q4 of 2021.

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