



Lightspeed POS (TSX:LSPD) Stock: Is it a Buy?

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) has been one of the best-performing TSX stocks over the last two years. Since its 2019 IPO, it has risen 450%, and it shows no signs of slowing down. Having been given a shot of adrenaline by the COVID-19 pandemic, the company's e-commerce offerings took it to new heights. The only question is whether LSPD can keep all this up once the pandemic is over. In this article, I'll explore Lightspeed's recent results and whether the stock is still a buy.

Incredible growth

One thing Lightspeed has had going for it over the past year is strong growth. In the [most recent quarter](#), it delivered the following:

- \$82.4 million in revenue, up 127%;
- \$10.8 billion in GTV, up 76%; and
- An adjusted EBITDA loss of \$9.6 million, which was lower as a percentage of revenue than the loss a year before.

For the full year, the results were as follows:

- Revenue: \$221.7 million, up 84%;
- Recurring revenue: \$202 million, up 89%; and
- Adjusted EBITDA loss: \$21.2 million, or 9% of revenue.

These were pretty solid results, at least on the revenue and GTV front. Earnings were negative, but the losses as a percentage of revenue decreased. GTV, e-commerce revenue, and [customer locations were up](#) across the board. Overall, it was a solid quarter and full year for Lightspeed POS.

The COVID-19 recovery factor

The big question for Lightspeed going forward is how the COVID-19 recovery will affect it.

Like **Shopify** — to which it is often compared — Lightspeed benefitted from the COVID-19 pandemic. The closure of retail stores led to a surge in customers signing up for its e-commerce platform, resulting in high revenue growth. There are fears that e-commerce companies like LSPD that benefitted from the COVID-19 pandemic will be harmed when it is over. There is a general perception that e-commerce revenue will decelerate or even outright decline after the pandemic has passed. If it does, then LSPD's e-commerce platform may indeed do worse this year than last year.

But here's a reason for optimism:

Lightspeed isn't just an e-commerce company. In fact, it only got into the e-commerce platform industry relatively late into its history. Lightspeed started out as a retail POS company, and its retail POS platform is still a big revenue driver to this day. Lightspeed's retail POS focus means that it can actually make money off retail stores re-opening, which can't be said for e-commerce companies that are 100% focused on online stores. So, there is a real reason to believe that Lightspeed can keep up its superior growth in 2021.

Foolish takeaway

2020 was a great year for Lightspeed POS. With sales up 84%, it delivered better growth than it had in any prior year. This year, things may or may not slow down. The company's e-commerce revenue could decelerate, but its retail POS revenue could increase. Overall, it's hard to say what will happen to Lightspeed POS this year. But it remains one to put on your watchlist in 2021.

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