



## 3 Reasons Lightspeed POS (TSX:LSPD)(NYSE:LSPD) Could Be a Canadian Tech Star

### Description

**Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) has outperformed its peers this year. The stock is up by more than 20% for the year at a time when most stocks are pulling back from record highs. Over the past two years, the company has returned a [stellar 473%](#).

Despite that surge, Lightspeed still has plenty of room left to grow. Here are the top three reasons why Lightspeed POS could be one of Canada's best success stories in the years ahead.

### Market size

It's easy to forget that much of the world still uses analog payment methods. More than 80% of transactions in populated countries like India, Mexico, and Indonesia rely on cash. Digital payment penetration is still far from complete. However, the industry is already worth US\$2 trillion (C\$2.5 trillion), which means there's plenty of room for small players like Lightspeed to expand into.

### Lightspeed's niche

The company has carved a niche for itself as a one-stop commerce platform for merchants. It provides a commerce-enabling Software-as-a-Service (SaaS) platform for small and mid-size businesses. Its solutions are also being used by retailers, restaurants, and golf courses in key markets of the U.S., Germany, Australia, and Canada.

Focusing on these niche sectors in key markets has helped the company grow rapidly. Its revenues have more than tripled from \$57 million as of 2018 to \$221.7 million as of 2021, signaling a 57.26% annual growth.

In the fiscal year ended March 2021, sales increased 84% to highs of \$221 million. Adjusted gross profit was also on a roll, jumping to \$127.3 million from \$77.4 million the previous year. Its customer locations have grown to more than 140,000 thanks to the impact of some strategic acquisitions.

## Lightspeed Prospects

Organic growth and acquisitions aren't the only drivers of growth. The lightspeed team has also managed to secure critical partnerships that should help it sustain its growth rate over the long term. A strategic partnership with **Google** to improve product discovery on Google search is a prime example of this.

Given the recent bull market, Lightspeed is no longer cheap. The stock is trading with a price-to-sales multiple of 60 — in line with other SaaS stocks but far higher than historic averages. However, given the underlying growth, this could be a small price to pay as the stock looks set to continue edging higher.

## Bottom line

Investors who caught Lightspeed early are sitting on impressive gains right now. The stock is up more than 473% in just three years. And the growth story is far from over. Digital payment penetration continues to gather pace across the world, while Lightspeed has plenty of opportunities for strategic partnerships and acquisitions.

Although the growth rate could slow down in the years ahead, this company still faces a trillion-dollar opportunity. Lightspeed stock should certainly be on every growth investor's watch list.

### CATEGORY

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**Date**

2025/07/19

**Date Created**

2021/07/22

**Author**

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