



Why Lightspeed POS (TSX:LSPD) Stock Is up 75% Since May

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock continues to outperform the overall tech industry. It's up 75% since May, while the rest of the tech sector is either flat or lower. The resiliency of the company's business model and consistent efforts to pursue growth opportunities were again affirmed with an impressive first-quarter earnings report.

Here's why Lightspeed stock is outperforming and why this trend could continue.

Revenue growth

The renewed investor interest stems from the company's revenue-growth rate of 220% in its most recent quarter. Revenues surged to \$115.9 million, up from \$36.2 million reported last year. That surge was primarily driven by a rebound in the North American economy. It's also supported by the fact that Lightspeed transmits rather than suffers from inflation.

In other words, payment processors benefit when prices rise. Merchants raising prices boosts total transaction volumes, which ultimately leads to more profits for processors. That's why rival **Nuvei** had a stellar quarter, too.

Consequently, Lightspeed's management has raised the revenue outlook for the year. It now expects revenue to range between \$510 million and \$530 million for its 2022 fiscal year, up from initial guidance of between \$430 million and \$450 million.

Lightspeed prospects

Lightspeed has also confirmed plans to raise more than \$700 million by issuing 7.7 million shares priced at \$93 a share. The capital injection is expected to strengthen the company's financial position and allow it to pursue more growth strategies.

The team has spent hundreds of millions on recent acquisitions that have expanded its total addressable market. The purchase of New Zealand-based Vend gives the company exposure to the Asia-Pacific region. Meanwhile, the ShopKeep merger allows it to offer more cloud-based payment

solutions to American businesses.

With another \$700 million in dry powder, the Lightspeed team could push this growth story much further.

Lightspeed is already turning out to be a smart bet for anyone looking to get involved in a growth story. Over the past two years, the company has [returned over 450%](#). While the stock is not cheap, trading at a price-to-sales multiple of 51, if the economy keeps rebounding and inflation remains high, this could be one of the few tech stocks that act as a hedge. That's why Lightspeed stock should be on your radar for the foreseeable future.

Bottom line

Lightspeed stock is up 75% over the past three months, because it benefits from inflation and the economic reopening. Payment processors can transmit price rises and should see profits surge in the months ahead.

Meanwhile, a fresh injection of capital allows the team to accelerate its acquisition-driven growth strategy. The team has already expanded its footprint across the U.S. and Asia-Pacific with recent acquisitions. Investors should expect this to continue.

Lightspeed stock is overvalued on paper but could still be a fair bet for investors seeking hypergrowth.

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2. Tech Stocks

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Date

2025/07/22

Date Created

2021/08/13

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