



LSPD vs. Nuvei: Which Fintech Stock Should You Buy Today?

Description

Companies that are part of the fintech space are an attractive bet to long-term investors. The shift toward digital payment solutions gained pace amid COVID-19, resulting in a rapidly expanding addressable market for companies part of this highly disruptive vertical. Keeping these factors in mind, let's take a look at two Canadian fintech giants in **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Nuvei** ([TSX:NVEI](#)) to see which is a better stock for you right now.

LSPD stock has gained 700% since its IPO

One of the fastest-growing stocks on the **TSX**, Lightspeed Commerce, has gained over 700% since its initial public offering (IPO) in March 2019. The fintech company has increased its sales from US\$57 million in fiscal 2018 to US\$221.7 million in fiscal 2021 that ended in March. Analysts tracking LSPD stock expect sales to rise by 138% to US\$527 million in 2022 and by 33% to US\$700.5 million in 2023.

Lightspeed has aggressively acquired companies in the last few years that have been highly accretive to its revenue growth. In the fiscal first quarter of 2022, sales were up 220% year over year, while organic software and payments revenue rose by 78%.

LSPD ended the quarter with 150,000 retail and hospitality locations all around the world, allowing gross transaction volume to more than triple to \$16.3 billion. Further, organic GTV growth stood at 91%.

Around 10% of its GTV has been processed by Lightspeed's payment solutions. Further, Lightspeed Capital also reported its best-ever quarter as this business increased sales by 68% on a sequential basis.

In fiscal Q1, Lightspeed sales stood at US\$115.9 million, which was significantly higher than the company's guidance of revenue between US\$90 million and US\$94 million. Subscription and transaction-based revenue grew by 218% to US\$106.4 million, accounting for 92% of total sales. Subscription sales will allow LSPD to generate a steady stream of cash flows across business cycles.

Nuvei stock is up 263% in the last year

Shares of Nuvei have gained 263% since its IPO in September 2020, valuing it at a market cap of \$23 billion. Similar to LSPD, even Nuvei has grown its sales at a robust pace on the back of secular tailwinds as well as accretive acquisitions. Nuvei's sales have risen from \$124 million in 2017 to \$375 million in 2020. Analysts expect sales to touch \$704 million this year and \$918 million in 2022.

While LSPD remains unprofitable, Bay Street forecasts Nuvei to [improve adjusted earnings](#) from \$0.84 per share in 2020 to \$2.06 per share in 2022.

Nuvei is also looking to expand its footprint in Latin America and recently announced the acquisition of Paymentez LLC that provides payment solutions to merchants and financial institutions.

The Foolish takeaway

We can see both Lightspeed and Nuvei are fast gaining traction in the fintech industry. While LSPD stock is valued at a forward price to sales multiple of 33, Nuvei is trading at a marginally lower multiple of 32.5 times 2021 sales.

These [growth stocks](#) remain solid long-term bets despite their steep valuations. But if I have to choose a winner between the two, Nuvei's profitability makes it a better buy right now.

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2. Tech Stocks

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3. TSX:NVEI (Nuvei Corporation)

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