

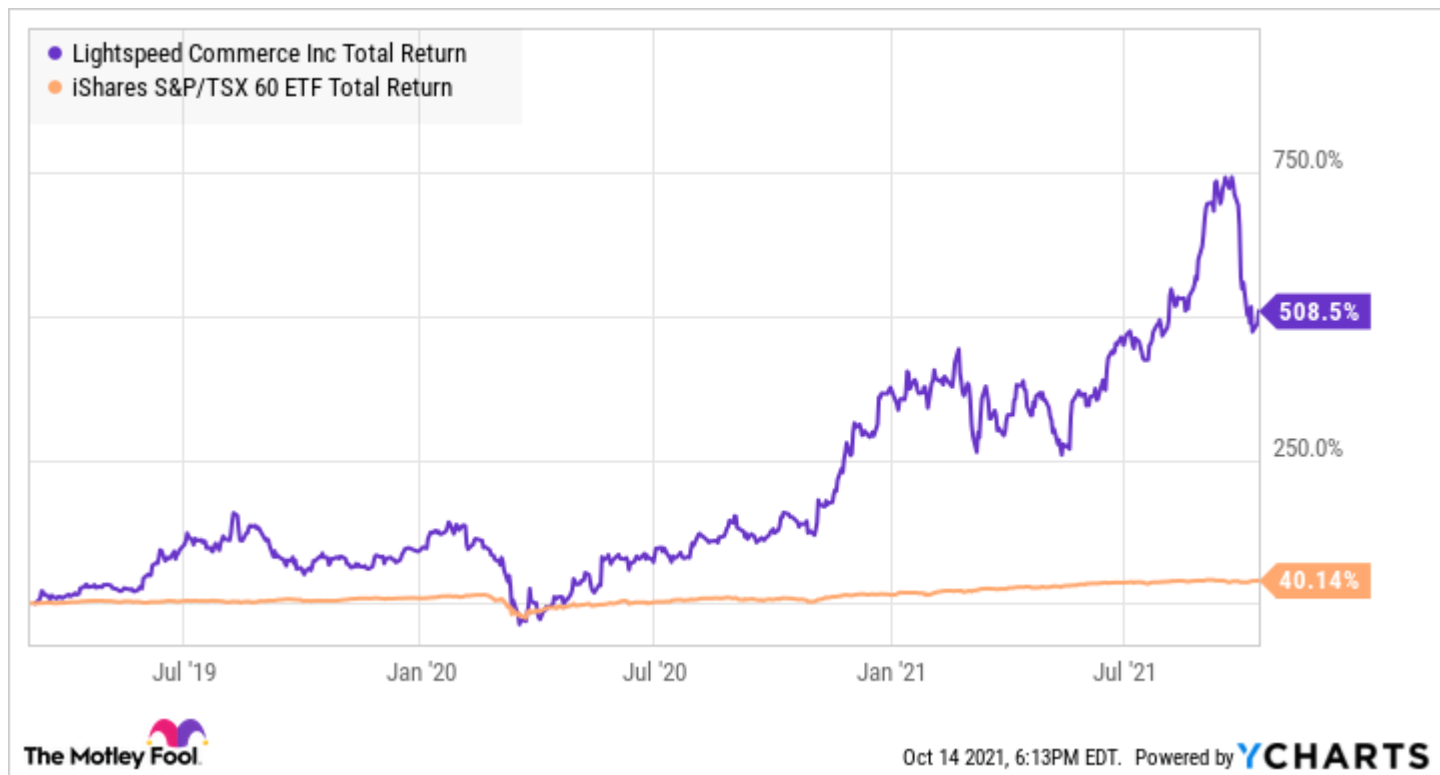


Lightspeed Stock: Should You Buy or Bail Right Now?

Description

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock has been under the microscope recently. It was one thing or another that would trigger investors to bail on an expensive stock. This time, a short-seller report triggered a selloff in LSPD stock. The question is whether it's smart to [buy the dip](#).

No one can argue against the fact that, in the long run, LSPD stock has been a superb growth stock. Since its inception not long ago in 2019, the tech stock has outperformed the stock market by more than 11 times in that period. However, Lightspeed is a high-beta stock. So, when it corrects, it can fall drastically. See for yourself in the stock price chart below. From its high, it took a dive of more than 30%. This is the kind of volatility that Lightspeed stock investors have to stomach.



LSPD Total Return Level data by YCharts

Lightspeed stock remains highly debatable

LSPD stock bulls and bears have their own points of view. Bulls believe economic re-openings are expected to be positive for the commerce platform. Just yesterday, Lightspeed's launch of a new flagship restaurant platform in North America, called Lightspeed Restaurant, in a press release, combines innovations in analytics, payments, and inventory management. Lightspeed Restaurant is set to support the hospitality industry by simplifying their processes. The news drove a 5% rally in the stock.

Moreover, Lightspeed is one of the fastest-growing companies listed on the **TSX**. Its last-12-month (LTM) revenue growth was a whopping 127%, an acceleration from growth a year ago of 58%. This suggests that its products and services are gaining traction. For the record, its LTM revenue sits at roughly US\$301 million versus US\$133 million a year ago. Bulls would be inclined to embrace the current dip and buy some shares.

Bears would cite the short-seller report and reiterate how expensive the [growth stock](#) is. Indeed, growth comes at a high price. At \$120 and change per share, the tech stock trades at about 22.8 times its enterprise value to the next-12-month (NTM) sales and about 23.8 times its price to NTM sales. Its valuation is still stratospherically high. And this is the most common reason why bears would stay away from the stock.

Should you buy or bail?

It looks like Lightspeed's presence and relevance is only growing, as businesses, particularly in the hospitality industry, can improve their efficiency and grow their scale with its commerce platform. Other than increasing revenues at an accelerated pace, Lightspeed's gross profits are also rising. Its gross profit margin declined, though, from about 66% a year ago to 54% recently. Perhaps, the company will refocus on its margins down the road.

In the meantime, it's a good thing that do-it-yourself investors can be flexible in their LSPD position. They can buy or sell partial positions instead of exiting entirely. Heck, if they're not sure what to do, they can always just hold and see.

In the last few days, bulls have been scooping up shares, which could be the cue to buy some if you're also a bull.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:LSPD (Lightspeed Commerce)

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