



**\$1,000 in Lightspeed (TSX:LSPD) Stock at the Start of 2021 Would Be This Much Now!**

## Description

Shares of the omnichannel payments platform provider **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) delivered stellar returns in 2020 and outperformed the **TSX 60 Index** by a significant margin. To be precise, Lightspeed stock jumped over 149% in 2020. Meanwhile, it increased about 320% from the pandemic lows.

The strong demand for its products amid the COVID-led restrictions can be attributed to its stellar growth.

Come 2021, a negative report from the short-seller and expected moderation in growth rate amid economic reopening weighed on Lightspeed stock. Given the recent selloff, this high-flying tech stock reversed a significant portion of its gains and is now only up about 4% on a year-to-date basis.

Thus, if you'd invested \$1,000 in Lightspeed stock at the start of 2021, it would be worth \$1,040 now. Comparatively, the TSX 60 index delivered a solid growth of 23.7% during the same period.

## What's in the offing for Lightspeed?

It's worth noting that a significant decline in Lightspeed stock came yesterday, wherein in stock closed 27.6% lower following its Q2 results. While Lightspeed impressed with its solid revenue growth and ARPU (average revenue per user) expansion, the expected slowdown in growth rate and higher losses irked investors. Further, supply-chain issues remain a concern and could hurt its hardware revenues.

In my opinion, the market's reaction to Lightspeed's Q3 performance and guidance was a little too harsh. Further, economic reopening, ongoing supply-chain issues, and tough comparisons made it obvious that companies that witnessed accelerated growth amid the peak of the pandemic will likely see a moderation in growth.

Take **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), for instance. The e-commerce company's growth has slowed down in the past couple of quarters amid normalization in demand trends. However, the

ongoing shift towards digital platforms and secular industry trends will likely drive e-commerce's share of retail sales.

I continue to maintain a [bullish outlook](#) on Shopify and expect it to deliver solid returns in the long term.

Similar to Shopify, I expect Lightspeed to benefit from favourable industry trends. While I expect Lightspeed's organic growth rate to moderate in the near term, it could continue to expand rapidly in the coming years, providing strong support to Lightspeed stock.

## Bottom line

Lightspeed delivered stellar revenue growth in the recent past, while the number of customer locations expanded significantly. Much of Lightspeed's growth came on the back of its strategic acquisitions of Vend, Upserve, and ShopKeep.

While Lightspeed is benefitting from its recent acquisitions, its organic growth remains strong. Lightspeed's organic subscription and transaction-based revenue [increased](#) 58% in Q3, which is encouraging. Further, its ARPU increased 59%.

Looking ahead, I expect Lightspeed to gain from the growing adoption of its products. Meanwhile, an increased number of customers adopting multiple software modules augurs well for future growth and will likely support its ARPU.

Overall, the secular industry trend, its high recurring revenue base, growth in ARPU, and positive net dollar retention rate indicate that Lightspeed could consistently deliver strong financial and operating performances, which will likely drive its stock price higher. Thus, investors seeking a solid long-term play could consider buying Lightspeed stock on the pullback.

## CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

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