



Lightspeed Commerce (TSX:LSPD) Is Down by 54%: Should You Buy Today?

Description

In recent years, [investing in technology](#) has become a popular trend for Canadian stock market investors who want to capitalize on the tech sector's boom. However, one top TSX tech stock has found itself seemingly struggling as it navigates choppy waters.

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is trading for \$73.44 per share at writing, down by almost 54% from its all-time high in September 2021. The decline is attributed to the weak management guidance combined with a bearish report from Spruce Point Capital Management.

At its current levels, Lightspeed stock is down by 14.09% year to date, underperforming the broader stock market by a significant margin, and it seems like it will end the year trading for lower than its share price at the start of the year for the first time since it became a publicly listed company.

Today, we will take a closer look at what is happening with Lightspeed Commerce stock to help you determine whether it could be [a good buy on the dip](#) or an asset you should stay away from.

Second-quarter performance

Lightspeed Commerce reported its performance for the second quarter, which ended on September 30. The quarter saw the company's revenue grow by 193% year over year, driven by organic growth and a slew of successful acquisition deals that expanded the company's international presence.

The company's subscription-based cash flows increased by 132% to hit US\$59.4 million in the September-ending quarter, and its transaction-based revenues increased over three times year over year to reach US\$65 million.

Considering the stellar growth in its sales, the company shockingly saw its adjusted EBITDA losses increase to US\$8.7 million from US\$2.8 million. The new acquisitions combined with a decline in its overall margins took a toll on Lightspeed Commerce's financials.

Growth prospects

The company's management expects supply chain issues to continue impacting its financials and its ability to grow its customer base in the coming quarters. The Q2 earnings report saw its management raise its revenue guidance, but it decreased its adjusted EBITDA. Lightspeed Commerce expects to generate revenues of \$520-\$535 million and anticipates its adjusted EBITDA losses to reach \$40-\$45 million.

Despite the bearish near-term outlook, the company's long-term prospects appear to be bright. The global trend towards an omnichannel selling model could provide Lightspeed Commerce with a significant boost. The company's expanding geographical presence, strategic acquisitions, and new and innovative product launches could drive its financials in the coming quarters.

The second quarter for the company was not all bad. By the end of it, the company boasted US\$1.2 billion in cash and cash equivalents, granting it a significant amount of liquidity to fund its growth initiatives.

Foolish takeaway

Presently, the correction in Lightspeed Commerce stock's price continues. Spruce Point Capital Management's September 2021 report accused the company of messing with its numbers before it went public. The investment firm even projected a 60-80% downside in Lightspeed Commerce stock's share prices. It is likely for the correction to continue in the short term.

However, investors with a [longer investment horizon](#) could consider the correction an opportunity to buy its shares for a bargain due to the healthy long-term prospects for the company.

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