



Lightspeed (TSX:LSPD): Buy the Dip on This TSX Stock

Description

In the last few trading sessions, one of Canada's fastest-growing companies, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)), has burnt investor wealth at an accelerated pace. At the time of writing, LSPD stock is down 57% from record highs allowing you to buy the dip.

Lightspeed is valued at a market cap of \$10 billion and despite the recent pullback, the stock has gained 258% since its IPO in March 2019. The two key factors that can be attributed to the selloff in LSPD stock are [a short-seller report](#) and the company's disappointing guidance following recent [quarterly results](#).

Lightspeed reports revenue of \$133.2 million in fiscal Q2

Lightspeed is a company that operates in the fintech space and provides cloud-based payment solutions for SMEs, or small and medium-sized enterprises. In the fiscal second quarter of 2022 that ended in September, Lightspeed reported revenue of US\$133.2 million, which was an increase of 193% year over year.

Around 50% of its sales were derived from acquisitions, while organic revenue from the company's core business that includes subscriptions and transactions were up 58%. Lightspeed's transaction sales rose by 320% to US\$65 million while gross transaction volume soared to US\$18.8 billion. The number of customer locations that utilize the LSPD platform stood at 156,000 at the end of Q2.

Despite a stellar growth in revenue, Lightspeed reported an adjusted EBITDA loss of US\$8.7 million, which was wider than its loss of US\$2.8 million in the year-ago period. Its adjusted loss stood at US\$0.08 per share compared to a loss of US\$0.05 per share in Q2 of 2021. Comparatively, analysts forecast adjusted losses at US\$0.09 per share in the quarter.

Now, the company forecasts sales between US\$140 million and US\$145 million in Q3 of fiscal 2022, which indicates a sequential growth of just 7%. This guidance disappointed investors and analysts, as Wall Street forecast sales of almost US\$182 million in the December quarter. Further, Lightspeed estimated revenue between US\$520 million and US\$535 million in fiscal 2022, significantly lower than

analyst revenue estimates of US\$676 million in fiscal 2022.

What's next for LSPD stock?

As stated earlier, investors have the opportunity to buy a quality growth stock at a lower valuation. LSPD stock is currently valued at a forward price-to-sales multiple of 15, which might seem expensive. But [growth stocks](#) command a premium valuation. While still unprofitable, Lightspeed is expected to narrow its loss per share from US\$1.16 in fiscal 2021 to US\$0.21 in fiscal 2023.

The company CEO Dax Dasilva remains optimistic about the long-term prospects of LSPD and stated, "Lightspeed's powerful commerce platform has helped our customers to not only survive the worst of the pandemic but thrive in the recovery. With the addition of Ecwid and NuORDER, Lightspeed will continue to deploy revolutionary technology that will allow our customers to meet the future with greater insights, control and confidence than they have ever had in the past."

Analysts tracking the stock have a 12-month average price target of \$125 for LSPD stock, which offers upside potential of more than 90% from current levels.

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Date

2025/09/11

Date Created

2021/11/27

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araghunath

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