



Can Lightspeed Stock Double Your Money in 2022?

Description

It's an understatement to say that the market correction hasn't been kind to **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock. In fact, it has been brutal to the tech stock. How can more than 60% of its market cap go poof in three months?! Could this be a super buying opportunity for those looking to make some serious moola? Analysts think so.

Lightspeed stock's selloff

Let's take a closer look at Lightspeed stock's price action. The tech stock is sometimes referred to as a smaller **Shopify** stock. The resemblance is that they both provide commerce services to enable businesses like retailers to engage consumers, accept payments, manage inventory, learn from analytics and reporting, etc.

Indeed, the [tech stock](#) prices have moved in tandem for most of the last 12 months, as shown in the stock price chart below. However, LSPD stock climbed a mountain in August and September before falling off a cliff. This is why the stock lost close to 64% of its value from peak to trough.



LSPD and SHOP data by YCharts

In late September, Spruce Point Capital came out with a short report on Lightspeed, which triggered the expensive tech stock to crash. Today, LSPD stock trades at about 11.1 times next 12-month sales. (We're using a price-to-sales ratio instead of price to earnings because the stock is still reporting net losses.) Although this valuation still appears to be expensive, it is a much cheaper valuation than the multiple of 20.9 times year over year.

The roughly 47% discount is due partly to the ridiculous stock correction and partly to Lightspeed substantially increasing its revenue. Its revenue of US\$389 million is 755% higher than what it was a year ago!

Analysts believe Lightspeed stock can double your money in 2022

Analysts think Lightspeed stock's correction is overdone. Across 11 analysts, they have an average 12-month price target of US\$106 per share on the stock. So, over the next 12 months, investors have the potential to more than double their money from the recent quotation of US\$45.80 per share. Specifically, a near-term upside of 131% is in the cards! The average Canadian market returns have been about 8.5% *per year* in the last 12 years. So, it's a super buying opportunity for the prospects of getting a 131% return in a year!

Scotia Capital analyst Paul Steep's latest report on Lightspeed stock is positive with a "sector outperform" rating and a US\$103 12-month price target, though he also rated the tech stock as "speculative," suggesting that it's a name for high-risk investors with a strong stomach.

...the firm outlined how it is positioning itself to capitalize on an expanded set of new products/services on a global basis along with integration of its core Retail and Hospitality products. We expect LSPD shares to remain highly volatile on a quarterly basis given: the ongoing impact of COVID-19 (shutdowns and supply chain disruptions) and uncertainty driven by a recent short report... Key risks for the stock are the potential for lockdowns to slow near-term location growth, the impact of macro supply chain issues on LSPD's retail clients, and uptake of LSPD payments in new regions.

Scotia Capital analyst, Paul Steep

The Foolish investor takeaway

High-risk investors should consider buying shares of [Lightspeed stock](#) after the major correction. Although analysts are bullish on the stock and believe it can double investors' money in 2022, investors should be prepared to buy and hold longer, say, three to five years for a better chance of doubling. Who knows? Maybe the battered stock can triple over this period to reach a market cap of over US\$20 billion.

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