



1 No-Brainer TSX Stock With 115% Upside, According to Analysts

Description

Investors might find it difficult to identify stocks trading at a discount given that equity markets are trading near record highs. But in recent trading sessions, overvalued [tech stocks](#) have lost significant momentum allowing investors to buy the dip. These opportunities should be leveraged, especially if Wall Street is also bullish on the stock.

Analysts might not always be right and there is a good chance for them to overestimate the company's growth prospects over the long term. But it can provide investors with a good starting point on which they can look to build their equity portfolio.

According to data from Yahoo Finance, analysts expect **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock to derive outsized gains in the next year. LSPD stock is currently trading at a price of \$58.27. Comparatively, analysts have a 12-month average price target of \$123, which is 115% above its current trading price.

Let's see why what will drive Lightspeed shares higher in 2022.

LSPD stock has been volatile in recent months

Lightspeed shares were listed on the TSX in March 2019 and have since more than tripled in market value. Despite these stellar gains, LSPD stock is also down 63% from all-time highs. Lightspeed touched a record high of \$165.87 in September this year after which a [short-seller report](#) from Spruce Point Capital coupled with a less-than-impressive quarterly report dragged share prices lower.

Spruce Point Capital accused Lightspeed of misleading investors and claimed the company has overpaid for acquisitions.

Last month, Lightspeed announced its fiscal second-quarter of 2022 results and reported sales of US\$133.2 million, an increase of 193% year over year. After accounting for acquisitions, organic sales were up 58% year over year in Q2.

Its transaction-based sales rose by 320% to US\$65 million while gross transaction revenue stood at US\$18.8 billion. LSPD's suite of solutions is now available at 156,000 customer locations.

The company also reported an EBITDA net loss of US\$8.7 million, up from its year-ago loss of US\$2.8 million. Its adjusted loss per share stood at US\$0.08, wider than its prior-year loss of US\$0.05 per share and better than estimates of a loss of US\$0.09 per share.

Investors were concerned over Lightspeed's decelerating top-line growth estimates. Its revenue in the last few quarters was driven higher due to acquisitions and these tailwinds are now fading into the background.

LSPD estimated revenue between US\$140 million and US\$145 million in fiscal Q3 of 2022 which is a sequential growth of just 7%. In fiscal 2022 sales are forecast between US\$520 million and US\$535 million, which suggests there will be no sequential growth in the quarter ended in March 2022.

Analysts [forecast sales](#) of US\$679 million in fiscal 2022 and sales of US\$182.5 million in Q3.

What's next for Lightspeed investors?

While the company's forecasts are not in line with analyst estimates, the pullback in LSPD stock has been exaggerated. The gross transaction volume on the Lightspeed platform grew to US\$55 billion in the last 12 months with an average revenue per user of US\$270. Over 11% of the payment volume was derived from its payments, which is a high-margin business.

It generates 93% of sales from subscription and transaction-based revenue, allowing it to generate cash flows across business cycles, making it a top bet at current valuations.

CATEGORY

1. Investing
2. Tech Stocks

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