

Lightspeed Stock Gains 10% Post Q4 Results

Description

Shares of Canada-based <u>fintech company</u> **Lightspeed Commerce** (<u>TSX:LSPD</u>)(<u>NYSE:LSPD</u>) rose over 10% yesterday after it announced results for fiscal Q4 of 2022 (ended in March). In Q4, Lightspeed reported revenue of US\$146.6 million — an increase of 78% year over year and above consensus estimates of US\$141 million.

Its adjusted loss stood at US\$0.15 per share compared to the year-ago loss of US\$0.10 per share and estimates of a loss of US\$0.19 per share.

The company <u>forecast sales between</u> US\$165 million and US\$170 million in Q1 of fiscal 2023 and sales between \$740 million and \$760 million in fiscal 2023. Comparatively, Wall Street forecast revenue of \$165 million in Q1 and revenue of \$754 million in fiscal 2023.

We can see Lightspeed surpassed consensus estimates in Q4 and provided better-than-expected forecasts for Q1 and fiscal 2023, which led to an increase in share prices.

Despite the recent uptick in LSPD stock, shares are trading 82% below all-time highs. Let's see what drove revenue for the company in the March quarter and if Lightspeed should be part of your portfolio right now.

Lightspeed's transaction sales rose 88% in Q4

In Q4 of fiscal 2022, Lightspeed's transaction-based revenue rose 88% to US\$66.7 million, accounting for 45% of total sales. Its adjusted EBITDA loss stood at US\$19.7 million representing 13.5% of total sales, compared to 11.7% of sales in the year-ago period.

Lightspeed attributed its top-line growth to strong organic growth as well as acquisitions which contributed to US\$26.3 million in sales. Further, subscription and transaction-based sales were up 82% at US\$137.3 million. Subscription revenue was positively impacted by recent acquisitions as well as widening customer locations and expanding average revenue per user.

Lightspeed's gross payment volume more than doubled year over year to \$2.2 billion, as ARPU surged by 35%, indicating higher spending by existing customers. The increase in ARPU as well as customer locations show Lightspeed is focused on attracting a customer profile that provides robust underlying unit economics and high GTV.

Lightspeed CEO JP Chauvet stated, "Consumers are once again dining out and shopping in person, filling up restaurants and stores in cities and neighborhoods all around the world. With the fear of further lockdowns currently abating, merchants and restaurateurs are operating in a more favorable environment where they can create new concepts, invest in technology and open new locations. This is an environment where Lightspeed will truly shine."

What's next for LSPD stock?

Lightspeed explained its long-term targets reflect the ongoing trend of customer adoption of its payment solutions, which will result in higher transaction-based sales and higher-margin subscription-based revenue.

The company expects to benefit from operating leverage and improving profit margins going forward due to a rise in average revenue per customer location and increased scale of its operating expense lines.

LSPD stock is currently valued at less than five times forward sales, which is reasonable for a growth company. While the company remains unprofitable, LSPD is forecast to reduce losses to US\$0.24 per share in fiscal 2023 from US\$0.31 per share in fiscal 2022.

Wall Street is bullish on LSPD and expects the stock to more than double in the next 12 months.

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