Lightspeed Stock Gains 45% in 2 Weeks! Time to Buy?

Description

Shares of **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) climbed 45% in the last two weeks between May 12 and writing this article on May 31. The e-commerce company has seen not just positive momentum but *sustained* positive momentum that may have some wondering if they should climb back on the bandwagon.

So, let's see what Lightspeed stock investors should do with the company on the **TSX** today.

What's happening now?

Lightspeed stock hit peak prices back in September 2021, falling dramatically after a short-seller report called its metrics "smoke and mirrors." But while some thought shares would bounce back, the stock only fell further.

This came from a surge in Omicron cases, followed by supply-chain issues, rising interest rates and inflation, and even geopolitical issues, as Russia invaded Ukraine. It all combined to send tech stocks, Lightspeed stock included, falling. Now, shares are down about 79% from the heights realized last year.

While that's a lot, Lightspeed stock has seen positive movement these days, as I mentioned. The TSX today is still wary about tech stocks, especially those in e-commerce. Yet Lightspeed has started to see fruits from its labour — or, should I say, it's spending.

Acquisition investments

Lightspeed stock came under fire for spending over US$2 billion in acquisitions in under a year and a half. This was an insane amount for a new company that was merely trying to reach as many countries as possible with its product.

Subscriptions were up, but that was going to peak eventually. Analysts worried that once that happened, there was going to be a massive problem of the company losing more and more from the debt it accumulated.

But that’s not what happened. During its latest fourth-quarter earnings, the company announced it’s on track for profitability in the next year or so. This comes from integrating its acquisitions and allowing them to bring in substantial revenue. So, let’s look at what kind of revenue we’re talking about.

Revenue up, but so was loss

Lightspeed stock announced a loss of US$114.5 million — more than double the loss announced the year before. This came from a slowing in e-commerce spending after a huge boom in 2021, so nothing that Lightspeed did in particular. Revenue was up 78% to US$146.6 million, as was subscription revenue by 77%. Even still, e-commerce-related stocks are going through a volatile time, so what makes Lightspeed any different?

The answer is simple: diversification. This is through multiple revenue streams that the company has available to it. While other e-commerce companies lose cash due to the reopening after the pandemic, Lightspeed stock is actually doing better than ever.

That’s because the company started out as a point-of-sale service. Restaurants and retail locations still use the company for purchases, so it’s not totally reliant on e-commerce payments. Furthermore, it has a diverse client base around the entire world. Therefore, 2022 offers new and growing opportunities, not less, compared to its e-commerce peers.

Foolish takeaway

There’s one more point I want to make clear here. Lightspeed stock announced its net loss of US$114.5 million, true. However, after adjusting for acquisition-related costs and share-based compensation after the huge drop, adjusted loss was actually just US$22.9 million!

So, while that’s an enormous drop thanks to a drop in share price, it also shows the company is moving upwards steadily once more. Acquisitions are done, so the related costs are done. Shares dropped and are now climbing. Therefore, investors should be confident about getting back into Lightspeed stock on the TSX today.

And with shares estimated to double in 2022 by analysts to $61 per share, now is a great time to do it.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date
2025/10/02
Date Created
2022/05/31
Author
alegatewolfe