Is Lightspeed Stock a Buy in February 2023?

Description

Lightspeed Commerce (TSX:LSPD) came to the attention of investors pretty much right off the bat. Lightspeed stock brought in the highest initial public offering (IPO) raise of any tech stock over the decade prior, beating out even **Shopify** (TSX:SHOP) in the process.

The e-commerce company seemed to come around at exactly the right time. After its 2019 IPO, it went on to climb higher and higher, peaking in September 2021 at $160.

That's when it all started to go wrong.

What happened?

If you weren't following the drama back then, let me quickly fill you in. A short seller report came along declaring that Lightspeed stock had been hiding behind "smoke and mirrors" on its gross transaction volume, and that all of its acquisitions weren't going to add up to much.

This caused shares to plummet, falling by 30% within a day, only to fall even further over the next year or so. This decline took place among a general drop in tech stocks, including the great e-commerce giant Shopify stock.

But there was a difference. While Shopify stock and other e-commerce companies dropped from fear of a recession coupled with the end of pandemic restrictions, Lightspeed stock was different. So let's get into what's behind the decline and why it matters.

Not just one thing, in one place

Lightspeed stock offers more diversification for investors looking at tech stocks. In that sense, it started out as a point-of-sale system used by retailers and restaurants. Now of course, during the pandemic, this was awful. You couldn't use the system if you couldn't go to locations. But after restrictions ended, revenue started coming in once more.

Furthermore, LSPD stock expanded through its land-and-launch approach. It's now in over 100 countries, with the company continuing to expand through organic means as well as acquisitions. Those acquisitions added up to over $2 billion over the last few years. Steep, yes. But they're also now coming online, and bringing revenue along with them.

How about today?

So here we are today, with Lightspeed stock trading down 85% since those all-time highs. And shares haven't improved all that much either. Shares are up 37% since 52-week lows, the lowest point it has seen in years, but even still it has a long way to go.

Part of this drop came from the company's recent earnings release. While it fell within expectations, there were certainly concerns over the slow e-commerce sales. Lightspeed warned revenue may be on the low end of its forecast range, leading to a few downgrades for its target price.

That being said, many still view the stock as an outperformer. After all, the company is dealing with macroeconomic factors. While there are challenges ahead, the e-commerce stock is still positioned as a strong long-term hold. Especially as revenue and subscription growth still remained strong.

Bottom line

This year could continue to be a tough one for Lightspeed stock, and those investors who bought at superior prices. However, long-term you're likely to see that cash back. While the near-term could be difficult, analysts continue to see the company as a solid long-term hold with plenty of growth opportunities ahead – especially at these valuable prices.

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Date
2025/08/11
Date Created
2023/02/09
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