



Lightspeed Earnings Recap: Why I'm More Bullish Than Ever

Description

Canadian tech stock **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) reported its 2021 third-quarter earnings last week. The market initially reacted positively to the earnings report, as the stock skyrocketed within the first few hours of trading on February 4. But as the day went on, shares gradually decreased and finished the day with a loss of 2.5%.

Considering the stock is up 500% since April, it shouldn't come as a surprise to see some investors take profits after another strong quarter.

Lightspeed earnings recap

Revenue growth continues to be the main focus for Lightspeed shareholders. The [Canadian stock](#) trades at a high valuation, which makes revenue growth the all-important metric come earnings day.

Analysts were forecasting revenue of \$53 million, which would be year-over-year (YoY) growth of 64%. Lightspeed revenue came in well above forecasts at \$58 million, which is a YoY growth of nearly 80%. YoY gross profit was also up 58%.

Lightspeed has really proven during this pandemic that it's far more than just a point-of-sale hardware provider, as it once was many years ago.

Revenue growth originally slowed during the first few months of the COVID-19 pandemic, but as 2020 went along, revenue growth continued to ramp back up. And after seeing the company post an increase in revenue growth, it only gets me more excited about the company's long-term growth potential.

What's driving Lightspeed's revenue growth?

For just a \$10 billion company, Lightspeed is not shy about putting its capital to work. The company's aggressive acquisition strategy is one of the key reasons that it has been able to keep up a torrid growth rate.

Lightspeed management discussed during the presentation details of two of the most recent acquisitions. Shopkeep and Upwork, two U.S. cloud-based commerce platforms, were both acquired in late 2020. The two companies boast specializations in the hospitality market.

One of the main reasons I'm a bullish Lightspeed shareholder is because the company continues to expand its geographic presence. This is far from just a [growth play](#) in the Canadian e-commerce market. The recent acquisitions provide expertise in a niche market, but it also strengthens the company's position in the U.S. market.

Lightspeed hasn't limited its acquisitions to only North America, either. The tech company has a presence across the globe, including Asia, Europe, and Australia.

One area that the acquisitions are making a visible impact is the number of total locations using Lightspeed technology. In the second quarter of 2021, Lightspeed reported customer locations of 80,000. In the company's most recent report, that number was up to 115,000.

Foolish takeaway

There's no question that this growth stock has all the makings of a multi-bagger. It's up 400% since joining the **TSX** in March 2019, but I believe the best has yet to come for the Montreal-headquartered company.

Growth potential like that doesn't come without its risks, though. The company trades today at a very frothy valuation of a price-to-sales of 70. You won't find many other stocks trade at a valuation that high.

Should valuation alone stop you from investing in Lightspeed at these prices? Absolutely not. If you have a long-term time horizon and are able to hold through volatile market swings, which there will be, Lightspeed is one growth stock you'll want to have in your portfolio.

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