



Lightspeed (TSX:LSPD) Just Smashed Earnings: All You Need to Know

Description

One of the most [anticipated earnings calls](#) of the month, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) reported before market open this morning. As of this writing, the company's stock is up 13%. What caused this incredible intraday gain? Should you buy into the company? I will be discussing these points in this article.

Lightspeed's earnings call

Investors expected Lightspeed to perform well this quarter, as businesses started to re-open. This comes off the back of an amazing Q1 earnings result where the company beat expectations after worldwide shutdowns were imposed. How were [the company's earnings](#)?

Lightspeed opened the call reporting that its total number of customer locations had reached around 80,000. This represents a year-over-year growth of 40%. In terms of gross transaction volume, Lightspeed reported \$26.1 billion over the last 12 months, a 51% year-over-year growth. This is particularly impressive considering the fact that its businesses were very restricted for an entire quarter this year.

Lightspeed also announced that it had launched new product innovations that help businesses keep pace with changing consumer behaviours. A select few of these new offerings include: ecommerce for restaurants, Lightspeed subscriptions, Order Ahead, and hospitality POS. These new products should help Lightspeed's revenue explode moving forward.

The company also announced that it will be acquiring ShopKeep for stock consideration and \$440 million. ShopKeep is an iPad POS business whose services are used by more than 23,000 small- and medium-businesses in Canada and the United States. This acquisition not only strengthens Lightspeed's management team, but also adds to its already growing U.S. presence. The combined companies will have over 100,000 customers and \$33 billion in gross transaction volume over the past twelve months.

In terms of revenue, Lightspeed reported \$45.5 million in Q2 2021. This is a 62% increase year over

year. Of this, \$41.1 million comes from the company's software and payments segment, which also saw a proportional 62% increase year over year. Finally, the company's gross profit also continues to increase. In Q2 2021, Lightspeed reported \$27.5 million in gross profit, a 60% year-over-year increase.

Should you buy Lightspeed stock?

The question now is whether investors should buy Lightspeed stock. I believe Lightspeed still has a lot of room to grow. The company has identified five points in its current growth strategy. First, it intends on expanding its current reach and continue to increase customer locations. Next, the company plans to build on its success in payments and financial solutions. Lightspeed Capital was rolled out for American customers in August.

Lightspeed is also focusing on increasing average revenue per user. By increasing the number, and quality, of offerings that Lightspeed has available, it believes this can be accomplished. Currently, 40% of Lightspeed customers use more than one module. As customers continue to grow, so should the number of products they use.

Finally, Lightspeed will pursue an expanded presence across its verticals and continue its merger and acquisition strategy. These two points will allow the company to monetize throughout its supply chain and leverage acquired expertise to help continue growth.

Lightspeed's business continues to be very attractive, as it employs a very strong subscription system. This helps give the company a very reliable and predictable source of revenue. All points seem to show that Lightspeed is still an excellent company to hold in a portfolio.

Foolish takeaway

Lightspeed completely smashed earnings today. The company reported very strong improvements in customer locations, revenue, and profitability. It also announced a new acquisition that will only help it become a more formidable contender in the payments space. Lightspeed shows no signs of slowing down.

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Date

2025/08/24

Date Created

2020/11/05

Author

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