



3 Reasons to Buy Lightspeed (TSX:LSPD) Stock Right Now

Description

With the country on the cusp of its reopening, the search is on for the top reopening plays on the **TSX**. Canadian stocks have already put together an incredibly strong year with the broader market up close to 15%. But with the country's reopening around the corner, I'm betting that there's still plenty of growth in the remaining six months of 2021.

At the top of my list of reopening stocks is **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)). The tech stock has fared impressively well since the bottom of the market crash last year, but that growth could continue to surge alongside the country's eventual reopening.

Shares of Lightspeed tanked more than 50% in the spring of 2020, as the pandemic hit North America. Savvy investors that picked up Lightspeed stock at a discount have been [well rewarded](#) over the past 15 months. The tech stock is now up more than 500% since April 2020.

Growth like that does not come cheap. Lightspeed is one of the most expensive stocks on the TSX today. Shares are trading at a lofty price-to-sales ratio above 50. It's been worth the risk for shareholders so far, but at these prices, volatility should certainly be expected.

Even at its ridiculously high price, Lightspeed is one of my highest-conviction holdings on the TSX over the next decade. If you can stomach the volatility, here are three reasons why the tech company should be on your radar today.

Revenue growth

Investors are willing to pay top prices to own shares of Lightspeed because of its [long-term growth potential](#). In terms of total volume, Lightspeed is far from the top revenue-driving companies on the TSX. But in terms of growth rate, there aren't many companies that can match Lightspeed's pace.

The Montreal-headquartered company closed out its 2021 fiscal year with acceleration in quarterly revenue growth in its final three quarters. It ended Q4 with a record quarter where revenue topped \$80 million, which is a year-over-year growth rate of 127%.

Quarterly revenue growth above 100% may be hard to maintain, but the reopening of brick-and-mortar retailers in the coming months could see Lightspeed continue this ridiculous pace.

Product innovation

One of the two key reasons why Lightspeed has been able to grow this quickly has been product innovation.

Lightspeed was not long ago known primarily for being a point-of-sale hardware provider for brick-and-mortar retailers. Today, the company serves both online and brick-and-mortar stores and helps support them in all areas of their businesses.

In addition to payment solutions, Lightspeed's robust cloud-based offering supports its clients with e-commerce solutions, digital marketing and analytics, and order fulfillment, to name a few areas.

Management also hasn't been shy about making acquisitions to grow its product offering. Whether it's to break into a new area of the market or strengthen a current position, Lightspeed is proving to shareholders that it's ready to take on the global giants of the [tech industry](#).

Global expansion

A second reason why Lightspeed managed to grow revenue above 125% in its most recent quarter has been its global expansion. In addition to aggressively growing its omnichannel product offering, Lightspeed has been working hard to establish a global presence.

In the company's fiscal 2021 Q1 it served 77,000 customer locations. Fast forward to its most recently reported Q4 earnings, more than 140,000 customer locations had been served spread across more than 100 countries.

Lightspeed is no longer just a Canadian growth story. This is a tech company that has its sights on taking on the global leaders in the commerce industry.

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Author

ndobroruka

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