



All You Need to Know About the Nuvei (TSX:NVEI) IPO

Description

Canadian investors are finally getting plenty of investment options, particularly in the home-grown tech sector. Historically, the financial and energy names dominated Canadian stock markets in terms of weightings, with only a handful of technology companies. However, that now seems to be changing recently with many information technology companies raising capital through public offerings.

Nuvei: A payment provider with a differentiation

A payment-processing company, **Nuvei** ([TSX:NVEI](#)), a newbie on the **TSX**, recently raised \$700 million via an initial public offering. It is the highest amount raised by any tech company in the country. Tech titan **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) raised \$132 million in 2015, while **Lightspeed POS** ([TSX:LSPD](#)) raised \$240 million last year. Both these offer payment-processing platforms under their diversified product portfolio.

While Lightspeed primarily caters to the retail segment's payment needs, Nuvei specializes in providing a payment technology platform for gambling and sports betting. Nuvei also serves as a payment processor to financial service providers, online retail, and travel. Going by its numbers, Nuvei operates in 200 markets worldwide with 150 currencies and serves over 50,000 customers.

Payment processing is already one of the fastest-growing industries across the globe. Interestingly, Nuvei is even more interesting, particularly with its focus on sports betting and allied domains. The pandemic might act as a catalyst for Nuvei, as its potential patrons must have already bored with lesser entertainment options with ensuing lockdowns.

Growth prospects

Many states in the U.S. have legalized or in the process of legalizing sports betting in the last couple of years. Nuvei got [approval](#) last month from the state of Indiana to accept payments for gambling. That means anyone above 21 years of age can place legal bets on sporting events like Major League Baseball and the National Football League through their mobiles or online betting sites. Nuvei will be

their payment platform.

This could just be a start for the company. More states in the U.S. and beyond could follow suit, which makes the online gambling market extremely attractive.

Serving the niche market, Nuvei will likely have the pricing advantage and a big potential for margin expansion. It could be the [next beast in the Canadian tech space](#), given the size of the addressable market.

The main advantage of Shopify and Lightspeed's payment-processing platform is their end-to-end capabilities. Having all the features like payments to customer management in one platform will ensure convenience and flexibility for merchants.

Flourishing Canadian tech stocks

Tech stocks are rallying globally this year, and Canadian newcomer Nuvei joined the party last week. Shares of the payment processor rose more than 2% to close beyond \$46 apiece on Friday. Given investors' inclination towards tech stocks amid the pandemic worries this year, tech stocks like Nuvei could rally further.

Lightspeed stock has more than doubled since its IPO last March. Shopify became the country's most valuable company this year. Shares of the tech giant are up 130% so far this year, and the company is valued at around \$143 billion.

Importantly, investors do not hesitate to pay a premium if they see attractive growth potential. Tech stocks like Shopify have already proved that. Many tech stocks have been running well ahead of their financials and look overvalued for the last few years. Similarly, Nuvei can also join Canadian tech stocks' rally with its unique business proposition and immense growth potential.

CATEGORY

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TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:SHOP (Shopify Inc.)

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