



Tech IPO: Nuvei (TSX:NVEI) Stock Gains 40%

Description

Initial public offerings (IPO) are compelling investments for people with a high-risk appetite. Companies that are recently listed tend to be volatile as investors are bullish on their expansion plans and long-term prospects. However, there are also concerns that due to a rapid upswing in prices, the stock might be overbought or overvalued.

One such recent IPO on the **TSX** is tech company **Nuvei** ([TSX:NVEI](#)). It was listed at a price of US\$26 per share on September 17th and soon touched a record high of \$47.31 the next day. The stock is currently trading at \$46.1 which is 40% higher than its listed price.

There is a good chance that Nuvei will trade at a lower price in the upcoming days especially if market sentiment turns bearish or if the company reports less than impressive results for Q3. However, tech companies that are growing at a rapid pace have the potential to increase your wealth multi-fold.

For example, a \$1,000 investment in **Shopify's** IPO would have ballooned to \$55,000 today. So, let's see if you need to invest in Nuvei stock right now.

Nuvei raised US\$833 million in IPO

Nuvei sold 30.9 million subordinate voting shares for gross proceeds of US\$805 million. This was the largest ever tech IPO on the TSX. The company also closed a direct placement of 1.09 million additional voting shares for gross proceeds of US\$28.4 million, [taking total proceeds](#) to US\$833 million.

Nuvei is a payment technology partner and helps businesses remove payment barriers, optimize operating costs, and increase acceptance rates. Its proprietary platform offers direct connections to major payment card schemes and supports 450 local and alternative payment methods in 150 currencies.

At the end of the June quarter, Nuvei [already processed](#) \$35 billion worth of transactions over its network. The company states it is a payment technology partner of companies in several verticals including regulated online gaming, social gaming, online retail, regulated financial services, and travel.

It already has a customer base of 50,000 merchants and aims to aggressively acquire merchants to drive top-line growth in the upcoming decade.

Sales rose 65% in 2019

Nuvei sales rose 65% year-over-year to \$245.8 million in 2019, up from \$149.72 million in 2018. Its gross margin stood at a healthy 83.4% while it's selling, general and administrative costs rose 56%. This meant the company's operating profit surged 263% to \$11.28 million in 2019.

In the June quarter, Nuvei's sales rose 63.6% to \$82.56 million while operating profit was up 1,000% at \$15.74 million. While the company reported a net loss of \$69.46 million in 2019, it's net income stood at \$13.96 million in Q2.

Nuvei is trading at a market cap of \$5.5 billion, indicating it has a trailing price to sales multiple of 22.4 which might seem expensive. However, growth stocks trade at a premium valuation, and Nuvei also has high operating leverage, which suggests it can expand the bottom line at a higher pace than its revenue.

Nuvei's expanding customer base, huge addressable market, and solid gross margins make it a compelling bet for long-term investors.

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Date

2025/09/16

Date Created

2020/09/23

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