



## Will This New IPO Be the Next Shopify?

### Description

Earnings season may be over but it's IPOs that are catching the attention of investors of late. Tech stock **Snowflake** attracted a lot of fanfare last week when it began trading on the **NYSE**. It closed its first day of trading at nearly US\$254 a share — more than double its IPO price of US\$120.

North of the border, however, Canada has a hot new IPO of its own that also had a strong showing on day one. **Nuvei Corporation** ([TSX:NVEI](#)) debuted on the markets on Friday and at \$45.05, it finished 73% higher than its IPO price of \$26. At US\$700 million, it was a higher valued IPO than even tech giant **Shopify Inc** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) which first began trading back in 2015.

## Can Nuvei replicate Shopify's success?

Today, Shopify is the [most valuable company](#) on the **TSX**, trading at a market cap north of \$150 billion.

From just US\$24 million in its first year in 2012, the company's top line has soared to \$1.6 billion in 2019. Although its growth rate has slowed down over the years, its sales were up more than 47% last year. And in the Q2 results it released in July, the company's sales soared 97% with more people staying home amid the pandemic and spending money online.

Shopify's been a great success story and the stock has soared close to 4,000% since going public. If you invested even just \$5,000 into the stock back when it was trading at around \$30, your investment would now be worth around \$200,000.

That type of return would be a tall task for any stock to replicate, but it's one of the reasons investors are always looking for the next Shopify. It can be a hard opportunity to uncover the next Shopify, but doing so could pay off handsomely.

However, investors may want to temper their expectations of Nuvei.

The electronic payments processing company works with approximately 150 currencies and is in over 200 global markets. Serving more than 50,000 customers, this is another fast-growing company

investors have been clamouring to. Sales of US\$82.6 million in Nuvei's most recent quarterly results grew 64% year over year. It's a strong growth rate, but this is not the level that Shopify was at in its early stages when its top line was more than doubling.

In Nuvei's year-end results for 2019, sales of US\$245.8 million rose by a similar percentage, up from US\$149.7 million in the previous year. The one positive for the company, however, is that in its most recent quarterly results it recorded a strong profit of US\$14 million. Profits have been rare for Shopify over the years, especially in its early stages. However, it was ultimately the company's sales growth that lured investors in and generated a lot of bullishness surrounding the business.

The short answer for now is *no* — Nuvei's not likely to replicate Shopify's success in sales growth or stock performance. While its growth opportunities are promising, there's also a lot of competition in this industry that will make it difficult for Nuvei to become the market leader it would need to be to generate [Shopify-like returns](#) for its investors.

## Is Nuvei stock a buy?

There's a lot of promise for Nuvei, especially as consumers are shifting more and more of their purchases online. Its ability to tap into various markets around the world and take advantage of growing e-commerce sales makes it an attractive buy, as there's certainly lots of room for growth in that area. The stock could be a great buy, but investors shouldn't expect it to be the next Shopify.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

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