



## 3 Top Tech IPOs to Buy in October

### Description

Initial public offerings (IPOs) are an appealing way to own shares in a company. There is considerable hype surrounding the company that is about to be listed. This is even truer in the case of high-growth tech companies, as there is a potential to generate multi-fold returns.

For example, a \$1,000 investment in **Shopify's** IPO would have ballooned to \$66,000 today. While Shopify has crushed market returns, investing in IPOs continues to be a risky proposition. But with high risks come high returns, and investing in early-stage companies with enviable growth prospects can help you outpace the broader market over a period of time.

Here we look at three recent tech IPOs that you can invest in right now.

### Dye & Durham

The first stock on the list is **Dye & Durham** ([TSX:DND](#)), a company that provides software and technology solutions to improve the productivity and efficiency of legal and business professionals. It provides information services and workflow, allowing clients to manage their processes and other regulatory requirements.

At the end of fiscal 2020, the company had a customer base of 25,000 legal firms, financial service institutions, and government organizations. In order to drive revenue growth, Dye & Durham aims to expand via acquisitions, focus on customer acquisition, and increase its portfolio of solutions.

Analysts tracking DND stock expect the company to grow sales by 53.7% year-over-year to \$100.68 million in fiscal 2021 and by 22% to \$122.5 million in 2022. Comparatively, DND is also forecast to increase earnings per share to \$0.52 in fiscal 2022, up from a net loss of \$0.26 in 2020.

### A fintech company

Another recently listed company is **Nuvei** ([TSX:NVEI](#)), the largest technology IPO on the **TSX**. Nuvei

raised US\$833 million and is currently trading at a market of \$2 billion. It operates in the [payment technology space](#) and its platform supports 50,000 businesses worldwide.

Nuvei has already processed \$35 billion worth of transactions to date and managed to increase sales by 65% to \$245.8 million in 2019. Further, its operating profit rose by 263% to \$11.28 million in 2019.

In the second quarter of 2020, Nuvei reported sales of \$82.6 million, up 63.6% and its operating profit was \$15.7 million which means its operating margin is a healthy 19%. The company has robust operating leverage and a small uptick in sales allows it to expand the bottom line at a rapid pace.

Nuvei stock may seem expensive as its trading at a trailing price to sales multiple of 8.5. However, the company's stellar growth rate and healthy profit margins make it a top buy for growth investors.

## A Warren Buffett-backed IPO

A recent IPO that took Wall Street by storm is **Snowflake** ([NYSE:SNOW](#)). The company's data warehouse platform stores and analyzes data for enterprises and it even attracted attention from Warren Buffett.

**Berkshire Hathaway** bought US\$250 million worth of Snowflake stock in the IPO and another 4.04 million shares worth US\$484 million from its former CEO. Snowflake has already doubled its IPO price of US\$120 which means it is trading at a market cap of US\$67.3 billion.

Snowflake's [revenue rose by](#) 174% year over year in fiscal 2020 and grew by 133% in the first half of 2021. It serves 146 of the Fortune 500 companies and ended the July quarter with a customer count of 3,117.

However, Snowflake remains unprofitable and is valued at 165 times trailing 12-month sales, which will make even the most optimistic growth investors jittery.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SNOW (Snowflake Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:NVEI (Nuvei Corporation)

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