



## 2 Tailwinds That Could Help Nuvei (TSX:NVEI) Produce Multi-Bagger Returns

### Description

This September, **Nuvei** ([TSX:NVEI](#)) started trading on the **Toronto Stock Exchange**. The company's IPO was highly anticipated, with the company quickly gaining recognition as the [largest tech IPO](#) in Canadian history. The company certainly has all the makings of a [multi-bagger stock](#). In this article, I will describe two tailwinds that should help the company produce those kinds of returns to investors.

### An increasing adoption of e-commerce

Those familiar with my articles will know that I am very bullish on the e-commerce industry. However, this is not without factual support. The data shows that e-commerce continues to increase in its global adoption. We can also see large discrepancies across different regions in the world, with respect to the penetration of e-commerce.

For instance, in Africa, e-commerce penetration currently stands at less than 1%. This is incredible considering online sales have accounted for at least 15% of all retail sales in the United Kingdom since October 2016. In fact, during Q2 2020, e-commerce sales grew to 32% of all retail sales in that region.

It could be a very long time before Africa reaches those numbers. However, if that happens, companies that help enable the shift towards a more prominent digital marketplace should experience massive growth from now.

To further illustrate the growth potential, e-commerce still has an incredible growth runway in North America. Investors in this region should be very familiar with companies such as **Amazon** and **Shopify**, which have produced excellent growth through the pandemic. However, we are still behind even the U.K. in terms of adoption. In the United States, e-commerce peaked at 16.1% of all retail sales in Q2 2020, whereas the industry only accounted for 11.4% of all sales in the same quarter in Canada.

Where does Nuvei come into all of this? The company is an enabler of the e-commerce industry. It provides a payment platform that allows its users to accept payments in more than 150 global currencies. In Q3 2020, the company processed \$11.5 billion in transactions. This is up from \$7.1 billion over the same period a year ago, representing a 62% growth year over year. Of course, not all

of this came from the e-commerce industry.

## The rise of social gaming

This year social gaming, otherwise known as online sportsbooks, have been thrust into the spotlight. Companies such as **Gan** and **DraftKings** had periods of exceptional growth this year, as sports betting slowly became more accepted in the United States.

Globally, this is an extremely large market. Although sources widely disagree with the size of this market, Nuvei identifies a total addressable market of \$174 billion. The company also forecasts a compound annual growth rate of 16% over the next seven years. Time will tell how far off this estimation is; however, the company will certainly be rewarded as the industry grows. Today, Nuvei claims the largest online sportsbook in the world as a customer.

Bet365 is a British company that has become extremely well-known across the Atlantic. The company has been the primary sponsor for top-level football teams in Europe (e.g., Stoke City). In 2019, bet365 reported an annual revenue of £2.981 billion.

In this most recent quarter, Nuvei reported that it had secured gaming service provider licenses in Colorado and Indiana. It is important to note the **TheScore's** online sportsbook is licensed to operate in those two states. If Nuvei can land it as a customer, it could be a monumental win for the company.

## Foolish takeaway

Nuvei has all the makings to be a multi-bagger company. It also faces two very strong tailwinds, notably the increasing adoption of the e-commerce industry and the rise of social gaming. With a solid position in each market today, Nuvei should see excellent growth as these two industries continue to become more prevalent in everyday life.

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jedlloren

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