



## Nuvei (TSX:NVEI) Enters Gaming: This Changes the Game

### Description

Montreal-based payment processor **Nuvei** ([TSX:NVEI](#)) has entered the gaming sector. Recent acquisitions and corporate actions indicate the company is attempting to enter the U.S. just as gambling and sports betting gets legalized. These moves greatly expand its total addressable market and could create a windfall for early investors.

If you're a stakeholder or are looking for a reasonably priced growth stock, here's what you need to know about Nuvei's latest moves.

### U.S. gaming

New Jersey's Supreme Court legalized sports betting across the state in 2018. That opened the floodgates for all 49 remaining states. Today, nearly every state in the country has either legalized sports betting or introduced a similar bill to do so.

Experts believe this move towards legalization opens up a new and lucrative market. The market is estimated to be worth as much as \$250 billion. For context, that's larger than the global cannabis sector is expected to be worth in the future.

There's money to be made here, which is why new companies have emerged to offer mobile apps and online portals for bettors. Meanwhile, casinos and media companies across North America have turned their attention to this exciting new market.

Nuvei's decision to enter makes it the first payment processor to throw its hat into the ring.

### Latest moves

This month, Nuvei acquired Mazooma Technical Services Inc., a U.S.-focused gaming and sports wagering payment technology provider. The company paid US\$56 million, or CA\$70 million, for the acquisition. It's a tiny first step into a market that could be immensely profitable.

The company has also joined the Canadian Gaming Association (CGA). This indicates that its ambitions stretch across North America. Sports betting isn't legal in Canada yet, but if the U.S. legalizes it, Canada might follow suit.

This \$250 billion market entry is a game changer for a company that's worth \$11 billion right now. As the first payment processor in the field, Nuvei could secure a first-mover advantage.

## Nuvei stock valuation

As I mentioned in a previous article, [Nuvei is on solid footing](#) heading into this recovery. Sales are up over the past year, despite the pandemic. Revenue expanded 46% in the most recent quarter.

Meanwhile, the stock trades at a price-to-earnings ratio of 56.7. That ratio would have been too high in normal market conditions but is surprisingly reasonable in current market conditions.

The entry into sports betting, online gambling, and gaming should be exciting for investors. This expands the total addressable market. In other words, Nuvei's runway for growth has just been extended. It could be an excellent time to add some exposure now.

## Bottom line

Several states in America are legalizing gambling and online sports betting. This could create a market worth \$250 billion in annual revenue. A new acquisition allows Nuvei to enter the U.S. gaming sector in a big way. Meanwhile, Nuvei stock is trading at a reasonable valuation.

If you're looking for a promising growth stock, consider taking a closer look here.

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