



TSX Today: Should You Buy This Tech Stock Right Now?

Description

Technology stocks have been on an absolute roll in the last year. The COVID-19 pandemic has in fact acted as a tailwind for [tech companies](#) as the demand for digital solutions experienced an uptick due to economic lockdowns. Fin-tech companies such as **Nuvei** ([TSX:NVEI](#)) have crushed broader market returns to trade currently at record highs. Since it went public last September Nuvei stock has almost doubled in market value.

Let's see if it remains a good bet for 2021 and beyond.

An overview of Nuvei

Nuvei is a payment technology partner and its proprietary platform offers direct connections to major payment card schemes in over 200 markets. It supports 455 local and alternative payment methods in 150 currencies as well as 40 cryptocurrencies. The company provides an end-to-end solution to enterprises via its purpose-built technology platform across multiple jurisdictions.

Its cloud-based dashboard integrates and customizes reporting processes and provides clients with real-time access to transaction metrics and other business intelligence information.

Nuvei's suite of solutions helps merchants reduce chargebacks and manage fraud. The company's platform helps to streamline several time consuming and costly processes while allowing them to comply with region-specific regulations.

Nuvei generates revenue by collecting fees for payment gateway services for each transaction. Merchants are priced using a percentage of volume per transaction while it also generates sales from value-added services such as analytics and insights monitoring.

Solid revenue growth

In the fourth quarter of 2020, Nuvei reported revenue of \$116 million, up 46% year over year. Its

adjusted EBITDA grew faster by 61% to \$51.3 million, while the company's total GTV (gross transaction volume) soared by 53% to \$13.9 billion. In 2020, Nuvei sales were up 53% at \$375 million while its adjusted EBITDA and GTV soared by 87% and 75% respectively.

In the first quarter of 2021, Nuvei forecast sales between \$136 million and \$142 million and expects adjusted EBITDA between \$60 million and \$63 million. For 2020, sales are forecast between \$570 million and \$600 million while adjusted EBITDA is estimated between \$252 million and \$265 million.

Nuvei will continue to drive top-line growth by expanding its suite of products and services as well as focusing on accretive acquisitions. Earlier this month, the company announced its entered into an agreement to acquire Mazooma Technical Services which is a U.S.-focused gaming and sports wagering payment technology provider.

Mazooma provides account-to-account payment services and is a registered vendor in nine states south of the border. It has integrated with several U.S. gaming platforms as well as online gaming and sports betting operators. The company expects to process over \$2 billion in total ACH (automated clearing house) volumes this year.

In March 2021, Nuvei also disclosed it added pay-in and payout support for 40 digital currencies including Bitcoin, Ethereum, Bitcoin Cash, NEO, and Ripple. Now, e-commerce merchants can be a part of the crypto revolution by offering innovative payment solutions to customers.

The Foolish takeaway

Unlike most other high-growth tech companies, Nuvei already reports an adjusted profit. While analysts [expect its sales](#) to grow by 58.6% year over year to \$595 million in 2021 its bottom-line is expected to increase by 52.4% as well.

Nuvei stock is trading at a forward price to sales multiple of 20 and a price to earnings multiple of 69. However, its steep valuation is supported by stellar growth metrics making it one of the top stocks on the **TSX**.

CATEGORY

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2. Tech Stocks

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