



## Next Shopify (TSX:SHOP)! 1 TSX Tech Stock to Buy Today

### Description

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has been one of the best investments in recent years given its exponential gains since the stock went public. Since May 2015, Shopify has returned a staggering 5,780%, turning a \$1,000 investment into \$60,000. It is now one of Canada's largest companies in terms of market cap and has thrived amid the ongoing pandemic.

As retail stores were shut due to economic lockdowns buyers had to shop online, allowing Shopify to increase sales by 86% year over year in 2020. Its revenue growth almost doubled in Q1 of 2021, and Wall Street expects the top line to grow by 51.7% to US\$4.44 billion in 2021 and by 33% to US\$5.9 billion in 2022. It will also allow the e-commerce giant to grow its earnings from US\$3.98 per share in 2020 to US\$5 per share in 2022.

However, Shopify's stellar returns have also meant the tech stock is grossly overvalued, and it's trading at a forward price-to-2022-sales multiple of 31.2 and a price-to-earnings multiple of almost 300.

Alternatively, growth stocks trade at a premium, and Shopify might continue to outpace the broader markets. But it might be difficult for the e-commerce giant to replicate its historical returns. We can instead look to identify stocks that are growing at a higher pace compared to Shopify. One such [technology stock](#) is **Nuvei** ([TSX:NVEI](#)).

## Nuvei stock is up 119% since IPO

Shares of Nuvei went public last year, and it has more than doubled in fewer than 12 months. Comparatively, Shopify stock is up 49% since Nuvei's IPO. Nuvei is a fintech company that offers solutions to merchants in North America and several other international markets. Its suite of cloud-based solutions aims to support the transaction lifecycle, thereby increasing merchant engagement in the process, resulting in incremental spending on its platform.

Nuvei has increased sales from \$124 million in 2017 to \$375 million in 2020, indicating an average annual growth rate of 44.4%. In Q1 of 2021, [Nuvei sales](#) were up 80% year over year at almost \$150 million compared to \$83.2 million in the prior year quarter. The company's gross transaction volume

rose to \$20.6 billion from \$8.9 million in this period.

While several tech stocks grapple with negative cash flows and net losses, Nuvei is profitable on an adjusted basis. Its EBITDA was up 97% year over year at \$65.5 million and net income almost tripled to \$0.35 per share in the quarter ended in March 2021.

Its operating income has risen from just \$329,000 in 2018 to \$72 million in 2020. In the last 12 months, Nuvei's operating income stands at \$93 million. Bay Street expects Nuvei sales to increase by 70% to \$638 million in 2021 and by 20% to \$762 million in 2022. Its earnings per share might also double from \$0.84 in 2020 to \$1.62 in 2022.

## The final takeaway

Nuvei is valued at a market cap of \$13.65 billion, indicating a [forward price-to-2022-sales](#) ratio of 18 and a price-to-earnings multiple of 61, both lower compared to Shopify. Its revenue growth was driven by volume growth from existing merchants as well new client acquisitions. The company's e-commerce vertical more than tripled sales in Q1 and will be a driver of revenue going forward.

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### Date

2025/08/25

### Date Created

2021/06/30

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