



Shopify Stock, Nuvei, Kinaxis: Is Now a Good Time to Buy These Tech Plays?

Description

The [top TSX stocks](#) from the technology sector lost substantial value in 2022 due to macro headwinds and economic uncertainty. While the operating environment has little changed, the significant correction in their price, easier year-over-year comparisons, easing of inflation, and expected moderation in the rate hikes imply that now is an excellent time to buy tech stocks.

Thus, investors planning to [invest in tech stocks](#) should capitalize on their low prices and benefit from the recovery. But before I start discussing my top picks from the sector, let's be clear that an uncertain economic trajectory could keep tech stocks volatile in the short term. Against this backdrop, here are my three top picks.

Shopify

Thanks to the massive correction in price, **Shopify** ([TSX:SHOP](#)) stock is trading at a multi-year low. Its enterprise value-to-sales (EV/sales) multiple of 7.3 is also at a five-year low. This sharp pullback presents an excellent opportunity for long-term investors to buy and hold the shares of this high-growth company.

While growth slowed in 2022, Shopify continued to invest in its e-commerce infrastructure, which positions it well to capitalize on the growing e-commerce penetration and benefit from the structural shift in selling models towards omnichannel platforms.

Shopify's investment in e-commerce infrastructure, increased adoption of its POS (point of sale) and capital offerings, expansion of existing products in new markets, and addition of new sales and marketing channels through partnerships with social media companies bode well for growth. These measures are expected to drive its gross merchandise volume and merchant base.

Overall, Shopify is poised to benefit from secular sector trends. Meanwhile, its stock is trading cheap, offering an excellent entry point.

Nuvei

Shares of the Canadian fintech company **Nuvei** ([TSX:NVEI](#)) could be a solid investment at current levels. The stock is trading at an EV/sales multiple of 4.6, much lower than its historical average. While Nuvei's valuation attracts, the company continues to grow at a decent pace, which should fuel the recovery.

The company's continued addition of alternative payment methods and investments in sales and distribution bode well for growth. Also, cross-selling and upselling opportunities at a little incremental cost, expansion into new geographies, and the acquisition of Paya will likely accelerate its growth and expand the addressable market.

The correction in its price and multiple growth catalysts imply that Nuvei stock will deliver stellar returns in the long term.

Kinaxis

While macro headwinds weighed on tech companies, **Kinaxis** ([TSX:KXS](#)) continues to benefit from the strong demand for the company's cloud-based supply chain management and business planning software. This is well reflected in Kinaxis's annual recurring revenues (ARR), which continue to grow at a healthy pace.

In Q3 (third quarter), Kinaxis's ARR increased by 25%, reflecting an acceleration in growth rate on a quarter-over-quarter basis. Further, Kinaxis registered an organic growth of 38% in new customer wins in the nine months of 2022.

Its growing ARR, expansion of its customer base, incremental bookings, high renewal rates, and strong backlog provides a solid foundation for growth. Further, the expected increase in enterprise spending on supply-chain management will likely support its long-term growth.

CATEGORY

1. Investing
2. Tech Stocks

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1. TSX:KXS (Kinaxis Inc.)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:SHOP (Shopify Inc.)

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