



Is Nuvei (TSX:NVEI) Stock a Buy Ahead of Earnings?

Description

Nuvei Corporation ([TSX:NVEI](#)) has been one of the most popular initial public offering (IPO) stocks on the **TSX** in recent years. Tech stocks, in general, have gotten a lot of love from investors recently. However, with the coronavirus acting as a tailwind, the tech sector has been one of the top-performing sectors all year.

Nuvei is an electronic payment processing company. It essentially provides payment solutions to merchants through its cloud-based platform. These types of payment processing tech stocks have seen a massive boom in demand for their services since the start of the pandemic.

This tailwind is helpful too, not just for the short-term boost to business but also for the long-term implications. Cash continues to become less and less popular, creating a major opportunity for these payment processing stocks like Nuvei. So with the pandemic acting as a tailwind, this shifting trend could catch on a lot faster.

The tech stock went public in September, and the stock immediately jumped to \$45 per share. Since then, Nuvei shares continued to rally along with many other stocks in the tech sector.

The stock has had such a strong performance already due to its attractive business and major [long-term potential](#).

The company offers a cloud-based, integrated and customizable platform which provides merchants with data-driven back-office tools. This shows real-time information on transaction metrics and other crucial business intelligence.

Nuvei so far is working with thousands of merchants, and it isn't just retail e-commerce. Online gaming, financial services, and the travel industry are just some of the industries it serves.

The stock makes money in three different ways: fees for gateway services, a per-transaction fee; fees for payment processing services based on volume or per-transaction fees, and value-added services such analytics and insights.

Nuvei stock's financials

The impressive software has led to some strong performance by Nuvei. At the end of June, it had handled \$35 billion in total volume. And in the trailing 12 months ended June 30, 71% of Nuvei's sales came from e-commerce.

Since 2018, it's seen a more than 17% compounded annual growth rate in total volume. And as we've been seeing, the stocks' massive global reach helps continue this impressive growth.

Its first earnings report as a public company is coming up on November 11, so investors will be watching eagerly to see what kind of progress the stock has made.

Lightspeed

Another top stock in the payment space you can consider is **Lightspeed POS Inc.** ([TSX:LSPD](#))([NYSE:LSPD](#)). Lightspeed also has a massive global reach operating in over 100 countries.

The stock is a lot like Nuvei with significant growth potential, especially over the long term. Lightspeed's cloud-based, omnichannel platform is perfect for small- and medium-sized businesses. Its platform clearly works as more and more businesses sign up, on average, improving their sales numbers by 20%.

In fact, at the end of Lightspeed's fiscal 2020, the company had seen its customer locations grow 56% year over year.

There have been some concerns lately since [Lightspeed](#) works with mostly retail and restaurants. This has made investors worried over concerns that some of these restaurants or retail businesses could go bankrupt.

However, this is simply a small headwind that's only affecting Lightspeed in the short run. Over the long term, Lightspeed has several qualities working in its favour, making it highly attractive.

Bottom line

Both stocks are understandably quite expensive given the performances they've had. So if you want to take a position today I'd take a small one and wait for a pullback or more signs of growth.

Although the stocks are expensive, investors should still have at least some exposure to these high-potential tech stocks. So a small position in Nuvei stock today may be your best bet.

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CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:NVEI (Nuvei Corporation)

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