



## Nuvei (TSX: NVEI) Could Be a Multi-Bagger

### Description

**Nuvei's** ([TSX:NVEI](#)) tenure as a public company has been excellent. Barely a year after going public, the stock has nearly doubled in value after a 90% rally in 2020. While the stock has pulled lower from all-time highs, the pullback could create an opportunity for long-term investors.

Here's a closer look at why Nuvei's growth story remains intact and why the stock could potentially be [worth 10-fold more](#) than it is today.

### Robust growth

As was the case in 2020, the payment-processing company is well positioned for an impressive 2021, as online and offline shopping-related services continue to grow. With digital payments becoming the new norm, the company is likely to generate significant revenues and bounce back to profitability.

In the fourth quarter, the company posted a 46% year-over-year increase in revenues that totaled \$115.9 million, marking the strongest growth period in the company's history. Full-year revenue was up 53% to record highs of \$245.8 million.

An expanding customer base compounded with current merchants' increasing wallet share underscores what could turn out to be another record-breaking year. The company is increasingly expanding its investment in the direct distribution channel to strengthen its revenue streams.

Backed by a customer base spanning over 200 global markets, Nuvei is well positioned to be a key player in the digital payment sector. Its focus on the U.S. market is particularly compelling. Consumer activity is expected to rebound strongly, as the U.S. government rolls out a US\$1.9 trillion stimulus package and several states suspend lockdown measures.

Similarly, as lockdowns ease across the world payment volumes should rebound. With the added stimulus in most developed countries and pent-up demand, payments could rise higher than pre-crisis levels.

## Nuvei's stock valuation

Amid the impressive financials and tremendous potential, its market cap is less than \$10 billion. By contrast, payments market leader **PayPal** is currently valued at over US\$100 billion (CA\$125 billion). The global payments industry is collectively worth US\$2 trillion (CA\$2.5 trillion). Canadian rival **Lightspeed POS** has returned over 362% in the past year alone.

With that in mind, Nuvei's valuation moving several fold higher from current levels seems reasonable.

Since Nuvei went public, it has returned over 30%, affirming its ability to generate shareholder value. With the stock trading 10% below its record highs, it might as well be an ideal buyback play given its tremendous potential and solid underlying fundamentals.

## Bottom line

Nuvei is an overlooked player in a promising market. Payment companies across North America have created tremendous shareholder value over the past year. Many have pivoted to online payments to offset the loss from shutdowns. Now that shutdowns are being rolled back, and the economy is reopening, payment volumes should rebound strongly.

Despite this, Nuvei stock is trading below its all-time high. The valuation seems far more reasonable than many of its rivals. In short, it's an opportunity for long-term investors to add exposure. Keep an eye on this.

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