



Is Nuvei (TSX:NVEI) Still a Buy After its July Spike?

Description

The 2020 market crash has taught us that if you can buy the right businesses at the right time during the crash, you can significantly expedite the pace your nest egg is growing. And even if you don't want to buy long-term stocks during the crash (when they are discounted and potentially undervalued), you can turn in a neat profit buying during a market downturn and selling at the top, when recovery momentum starts to wane.

Post-crash spikes are a well-known phenomenon. It might not be market-wide and different sectors might recover at different paces, but there are a lot of options, nevertheless.

But when the market has fully recovered, and it's moving at an average pace, stock spikes are relatively rare. It usually has to do something with the stock itself, and it might be a good idea to check out these unusual spikes. They might indicate a good time to buy *or* a good time to sell.

Such a spike has been displayed by the private banking/payment-processing company **Nuvei** ([TSX:NVEI](#)). [The stock grew](#) over 26% in just one week in August, and it's still at its new height.

Recent earnings

The easiest-to-find catalyst for the company's rapid growth is its latest earnings report, which was released earlier this month. The revenue grew by 114%, adjusted EBITDA grew by 112%, and the company raised its cash position by almost three times compared to the end of 2020.

The recent spike shouldn't be seen as irrational or unprecedented, considering how the stock has been performing since its first day on the stock market, which was less than a year ago. Many stocks start to normalize after finishing a solid IPO, but not Nuvei. The company closed the largest IPO of 2020 and raised almost \$805 million.

And the stock has been on its way up ever since. Thanks to the recent spike, the company now has a market capitalization of \$17.9 billion, a debt that's almost equal to the company's cash position and investments, and a strong balance sheet.

The company

Nuvei markets itself as a payment technology partner and offers unique (custom) solutions to its clients. It boasts about 50,000 customers in 204 countries; that's essentially a worldwide penetration — something few tech companies in Canada can claim. It offers solutions in 150 different currencies and about 40 cryptocurrencies, and that's where its true strength lies.

The company already has a dominant position in the global payment-processing market and thousands of clients that rely on it for their existing payment solutions. When and if crypto becomes commonplace and a widely accepted method of payment (it's almost inevitable), trusted names like Nuvei would be ideally positioned to [lead the change](#).

Foolish takeaway

Even though the company is already overpriced and has grown quite a bit in a relatively short time, it still seems well poised for future growth. The risk is high, but if you consider how often another [tech stock](#): **Shopify**, the “poster stock” for overvaluation, has defied expectations and grown to new heights, betting on Nuvei's continuous growth might not seem too far-fetched.

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