



Why Nuvei (TSX:NVEI) Stock Grew 96% in 3 Months

Description

Nuvei ([TSX:NVEI](#)) stock surged 3.7% today after surging 30% in a month and 96% in three months. Its growth shows no signs of stopping. Are you curious about what is driving this [growth](#)? Is this growth sustainable? Does the stock have more upside? Should you buy the stock or wait for a dip? I will answer all these questions in this article. Let's begin.

What is driving Nuvei's growth?

Nuvei is a payment platform that helps merchants accept and send payments globally through cryptocurrency, cards, and other forms. It caters to verticals like retail, travel, gaming, and financial services, but the biggest growth comes from e-commerce. Recently, it completed the [acquisition](#) of Latin America's payment solution provider Paymentez and Simplex.

Nuvei's robust second-quarter earnings on August 10 [triggered](#) unprecedented growth. After that, a series of events triggered the stock's growth.

- Nuvei's growth driver is the payments transactions from e-commerce volumes. The holiday and festival season is when shopping booms, triggering growth in all e-commerce-related stocks. In the last three months, **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Shopify** stock surged 56% and 15.5%, respectively.
- And this time, it is also the vacationers shopping for their long-planned trip. If you don't know, Nuvei provides payment services to travel companies.
- To add a cherry on the top, prices of Bitcoin and other cryptocurrencies surged. Crypto mining stocks like **Bitfarms** surged 38% in three months.

All the factors are in favour of Nuvei. Hence, it is no surprise the stock has doubled in three months.

Is Nuvei's growth sustainable?

Nuvei's stock could continue to grow for the rest of the year, as this is the seasonal peak. Although the stock is currently overbought, it has more upside. If the stock achieves Lightspeed's valuation of 75 times sales per share, there is a significant upside. Nuvei is currently trading at 44 times its sales per

share and growing its revenue by more than 100%. Its new acquisitions could accelerate year-over-year revenue growth.

Should you buy the stock or wait for a dip?

Now, is it the right time to buy Nuvei stock? I expect the stock to see some correction in February, even if travel demand booms. This is because its addressable market for travel is small compared to online shopping.

Look at the 2020 figures. Nuvei stock started trading on the stock exchange on September 18, 2020, and surged 68.5% till December 31, 2020. During this time, Lightspeed stock surged 130%. Both stocks fell below their December highs during seasonal weakness (February to June), but even that dip was higher than the September price.

Nuvei and Lightspeed have started the seasonal rally. While I don't agree with buying Lightspeed stock at the current price (75 times price-to-sales ratio), Nuvei is a buy right now. Lightspeed is yet to generate profits, whereas Nuvei's net income surged 144% year over year in the second quarter. Moreover, the latter has broader verticals to tap from retail, gaming, financial services, and digital goods to travel.

Final thoughts

This is a good time to buy Nuvei stock, as it has the potential to become the next Lightspeed and grow your money more than fourfold in two to three years.

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