



Is Nuvei (TSX:NVEI) Stock a Buy?

Description

Key points

- Nuvei's ([TSX:NVEI](#))([NASDAQ:NVEI](#)) better-than-expected third-quarter results led to a slew of analyst increased target prices.
- The company upped its financial forecast, aided in part by acquisitions.
- Nuvei stock continues to look cheap for Motley Fool investors even with the continuously increasing share price.

Nuvei has taken investors on quite the ride this year. Shares of Nuvei stock climbed 172% to reach all-time highs between January and September of this year. However, since then the stock has stalled, now trading at around \$140 as of rising.

Nuvei stock is one of the many e-commerce-related companies [investors](#) aren't sure about these days. You could see it continue soaring, but the rise of vaccination rates has some thinking twice. Yet analysts continue to raise their guidance for this [tech](#) stock for the company worth \$19.87 billion.

Earnings

Analysts didn't expect Nuvei stock to post the successful earnings it did recently, causing many to increase their target prices. This came from the company posting several strong acquisitions that brought in revenue, along with stable organic growth.

Nuvei stock reported quarterly revenue of US\$184 million during the last quarter, up 97% year over year and beating analyst estimates of around US\$180 million. It also reported adjusted EBITDA of US\$81 million, also beating estimates.

But while analysts increased their guidance for Nuvei stock, there was a word of warning that Motley Fool investors should pay attention to. The revenue growth won't go away exactly, but it may stall in the medium term.

Medium-term growth may stall

The stall can be attributed to two factors, analysts say. First, there is the pandemic. Less use of online services could lead to lower organic growth for Nuvei stock. As one analyst stated, there has been a "re-rating" during the pandemic, and this has led to a transition back towards pre-pandemic levels.

Second to the pandemic is the growth through acquisitions. Nuvei stock continues to pick up companies, adding clients thanks to its strong cash position. But this growth is a somewhat [temporary](#) matter and is likely to slow in the medium-term outlook. So, that would put the stock in fairly valued territory, according to some analysts.

So, while the company may continue to outperform the rest of the industry, Motley Fool investors may want to pay attention before buying in bulk.

The road ahead

Nuvei stock reported some strong results with some key points to pay attention to. It continues to increase its cash balance, almost double where it was last year. Furthermore, it continues to expand on a global basis, with use in all of its four regions of North America, Europe, the Middle East and Africa, and Asia-Pacific increasing in the double- to triple-digit range.

The company also entered the online gaming and sports betting industry, with several new customer wins to expand in this burgeoning area as well, both in the United States and Netherlands. This, of course, is on top of the several acquisitions it made during the last quarter and year and a Nasdaq IPO.

Nuvei stock believes it can increase its previous targets and achieve between US\$90 and US\$91 billion for the 2021 full year, up from US\$88-US\$91 billion. Adjusted EBITDA grew immensely as well to between US\$312 and US\$316 million. The company believes its growing sales pipeline and sales channel will continue to grow in the medium and long term for investors, so time will only tell.

For Motley Fool investors looking at the stock, it's a difficult time to jump on board. Shares are down from all-time highs, up 112% year to date and down from 172%. And the P/E ratio is incredibly high at 138 as of writing. Yet with analysts estimating a target price of \$164, that's a potential upside of 17% as of writing — something that can't just be ignored for high-growth seekers.

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