



Nuvei (TSX:NVEI) Stock: The Drama Continues

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) had quite the week on the stock market. Shares of Nuvei crashed 55% on Dec. 7 after Spruce Point Capital Management released a short-seller report. The report made incredible accusations, and it's the second time in the past three months that Spruce Point has caused a collapse.

What happened?

For those just finding out about this, here is a brief overview. Spruce Point came out with a [report](#) stating Nuvei bumped up its growth, and it is really a less attractive company for investors. The short-seller claimed its organic growth was declining in North America, and its European acquisitions were in high-risk sectors such as gaming and e-commerce.

Furthermore, Spruce Point lashed out at its executives. In particular, it stated Chief Executive Officer Phil Fayer lied about his educational credentials and career history. Further, it claimed that it has partnerships involved with over \$100 million in fraud.

Finally, Spruce Point accused Nuvei of far higher valuations than it's worth. It believes the company has a 40-60% downside, and that's what happened after the report. The company lost \$10 billion in market value, with shares [dropping 55%](#).

The response

In response, Nuvei came out against the short-seller report, of course. Not only that, but it reaffirmed its financial outlook for both the next quarter and full year from its last earnings. That outlook was bumped as well to revenue of between \$717 and \$723 million for the year. Further, adjusted EBITDA of between \$312 and \$316 million.

Nuvei also stated the report was “misleading and draws inaccurate conclusions.” It also told investors Spruce Point would profit “significantly” from a Nuvei stock price drop.

It’s important to note that nothing is proven one way or another. Until an investigation is done, if necessary, then this drama remains a “he said, she said” allegation spree. But one thing is certainly true: Spruce Point certainly benefited from a share price drop in Nuvei.

Now what?

Nuvei’s response seemed to bolster some investor interest, and the company managed to claim back some of the share losses from Dec. 7. The stock [bounced back](#) by up 15.6% on Dec. 8 after managements response. As of writing, it trades at \$83 per share.

While that share price is a huge drop from the \$180 52-week highs achieved a few months back, Nuvei has also been declining for some time. Even before the report, shares were down 36%. Still, year to date, shares are now up 26% and down 28% since the report came out.

While we’re still waiting for more analysts to weigh in on the report, some have already stated there was nothing that would change Nuvei’s target price. Still, this volatile stock is one that should likely be avoided. Should you sell it? Maybe not. A hold could be good, as the company hopefully regains some investor interest and confidence. But I still wouldn’t see today’s share price as one to buy up in bulk — not until analysts begin to weigh in more, at the very least.

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