



Nuvei or Lightspeed: Is Either a Buy Today?

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) and **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) have both had their share of short-seller drama this fall. The popular e-commerce stocks both became the target of Spruce Point Capital Management, sending shares collapsing.

Nuvei shares fell by 55% last week after their report. Lightspeed shares fell 30% after the report in September, but are now down 67% to 52-week lows since the report. So, is this an opportunity for investors, or too volatile a situation to touch?

Nuvei

When it comes to Nuvei, I'm inclined to lean towards the [latter](#) — that the situation is too volatile to touch. The report about Nuvei came out last week, claiming several pieces of pretty alarming news. Primarily, the issue is that the company claimed more organic growth than it's actually making. Further, the report said that Nuvei's executives were partnered with shady figures and that the CEO fabricated his educational credentials and career history.

Spruce Point gave the company a 40-60% downside, which is why Nuvei sailed down 55%. Since then, shares have levelled out, now trading at about \$75 per share. But here's the rub. While there is a lot to unpack here, analysts remained pretty much unperturbed by the news.

Speaking from strictly an investment standpoint, nothing has been proven. Furthermore, Nuvei management denied all accusations. An investigation has yet to be announced. In fact, Nuvei has announced two expansion projects since the report. Instead, the company doubled down on its full-year outlook.

When it comes to its share price, however, analysts have yet to really weigh in. While they don't seem incredibly disturbed by the accusations, more digging is required. Until then, their target price average of \$158 remains unchanged.

Yet this stock remains incredibly volatile. Nuvei remains down and could sink lower given how

Lightspeed reacted. I would wait until there is some positive momentum before buying up the e-commerce stock again.

Lightspeed

Lightspeed Commerce, however, is another story. There's been almost three months between the report and analyst reactions. In this case, Lightspeed was accused of hiding behind "smoke and mirrors" based on its slew of acquisitions — acquisitions, Spruce Point argued, that weren't doing all that well.

But Lightspeed, just like Nuvei, denied the accusations. In fact, in the last week alone, the company created a partnership with The Bay through its NuORDER acquisition. This is a huge, Canada-wide brand putting trust in the company. And yet shares remain at 52-week lows.

Furthermore, Lightspeed's earnings report didn't do much to help investor sentiments. The company reported a \$59.1 million loss, up from \$19.1 million the year before. And it says its next earnings report should be affected by supply chain demands for the company and its merchants.

Still, it had Black Friday and the holiday season on its side. Hopefully, sales managed to continue climbing, and as it brings down the loss from its acquisition streak, perhaps investors will come around.

In this case, I'd say today's share price for Lightspeed is a deal that won't come around often. In fact, analysts have stated the selloff is completely unwarranted. While a correction [was needed](#) from all-time highs, it's gone far beyond, dropping 67% in three months. So, if you want a [long-term](#) hold, I'd suggest Lightspeed over Nuvei at these levels.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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Date

2025/07/21

Date Created

2021/12/13

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