It’s a Great Time to Buy Nuvei

Description

Key Points

- Nuvei is a leader in the payment processing industry.
- Revenue increased 96% year over year, with the company standing by its full year and quarterly targets.
- Nuvei remains a good long-term stock in a growing industry.

The **TSX** remains a volatile place in general. But for new tech stocks in the Canadian market, it’s an even scarier place. Some stocks have been hit incredibly hard, but I don’t think you could find a more popular stock hit harder than **Nuvei** (TSX:NVEI)(NASDAQ:NVEI). And it’s made an opportunity long-term investors shouldn’t pass up.

This payment solution company dropped 55% after a short seller report made some incredible accusations. It now trades at about $66 per share, down 63% from 52-week highs. And here’s why it’s a great time to buy up this stock.

Payment for every possibility

Nuvei is a global payment technology partner in Canada’s largest private, non-bank payment processor. It offers electronic payment processing and merchant services for its point of sale and online businesses. Since coming on the scene, it has expanded to 200 markets worldwide through its acquisition strategy. And now, it aims to allow its businesses to accept every type of payment opportunity.

That means Nuvei is into some pretty cutting edge stuff. You can pay with traditional credit, or even cryptocurrency and non-fungible tokens (NFTs). It also means you can engage online through any type of purchasing activity, including gambling and sports betting.

Its third quarter for 2021 saw revenue rise 96% year over year to $183.9 million, with net income up

$105.9 million to $28 million from a loss of $77.9 million the year before. E-commerce represented 83% of its total volume of $21.6 billion, up 88% from $11.5 billion in 2020.

Nuvei also came out with updated financial estimates during the quarter. It believes it will reach between $717 million and $723 million in revenue for the year, and between $204 million and $210 million for the quarter. Further, it expects its revenue to grow by 30% or more annually in the medium term.

Why the decline?

So with all this growth and promise, why did Nuvei drop? The company was the victim of a short-seller report by Spruce Point Capital Management. In the report, Spruce Point stated it believes the company wasn't truthful about its metrics. Further, that its executives also weren't forthcoming with their credentials.

Management has since come out *twice* against the report, remaining firm around their annual and quarterly guidance from the last report.

> "The allegations made against Nuvei are malicious and unfounded. I stand behind all our employees as we continue to execute on our strategy with a relentless focus on supporting our customers and making the world a local marketplace," said CEO and chair Phil Fayer. "We will not allow the report to distract us any further and we remain unwavering in our commitment to drive growth and value for our shareholders."

Yet it cannot be denied that the concerns led to an incredibly volatile situation. Shares continue to drop, and that could curtail spending on its acquisition strategy at least in the near term. Still, it also cannot be denied that Spruce Point came along at just the right time to take advantage of Nuvei's popularity.

Tech stocks in Canada have been under threat from their popularity as the TSX remains a risky place to invest. This has led many to sell off in bulk out of fear for the future. And that's what analysts believe happened with Nuvei. It's left the stock far lower than its average target price agreed to by analysts of $155.

So the good news for investors is that this drop in share price offers a substantial deal. Its price-to-book ratio of 5.32 makes it a cheap stock, and it's certainly not going anywhere. Over the next two quarters volatility may remain, but it's likely to stabilize in the new year.

Bottom line

The short-term volatility experienced by Nuvei could mean long-term opportunities for investors. It is at the forefront of a growing industry, offering payment solutions in every sector possible. Its acquisition strategy is solid, and it continues to grow. So if you're willing to have some patience, it's a good time to consider this stock in your portfolio.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)

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2. Koyfin
3. Msn
4. Newscred
5. Quote Media
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