



Where Nuvei (TSX:NVEI) Stock Could Go From Current Levels

Description

The selling pressure continued to dominate **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) shares last week. After an activist short-seller released a damaging report on the fast-growing fintech company, NVEI stock has been trading highly volatile. While the stock is yet to calm, it has lost 40% since the report. It declined almost 20% early last week but gained 11% on Friday. The stock is still down 60% from its peak in September.

Should you buy NVEI stock?

Nuvei is a \$10 billion payment processing company that operates in e-commerce, travel, cryptocurrency, and sports wagering and other domains. It levies transaction fees to merchants for offering a payment gateway platform. It also makes revenues from value-added services like analytics and insights to merchants.

Spruce Point Capital Management's short report early this month brought Nuvei shares down from \$125 levels to \$70. The short-seller [report](#) accused the company of failing to provide updates on the merchant additions and several other revenue break-ups. It also accused of acquiring companies related to controversial figures with fraudulent activities.

Importantly, the short report did the damage that Spruce Point Capital had anticipated. It gave a downside target of 40-60% on December 8, which almost materialized on the same day. Now that the worst seems to be behind, Nuvei stock could gain upward momentum.

NVEI stock is currently trading close to an oversold zone, and buyers will likely dominate in the short term. Also, after such a massive selloff, the stock looks relatively cheap against its historical levels.

Nuvei offers handsome growth prospects

Nuvei has seen remarkable growth this year. It generated more than 85% of total volume from its e-commerce segment recently. While it has been one of the main drivers behind its stellar top-line

growth, the higher concentration could concern investors.

The value of Nuvei's total addressable market across verticals exceeds US\$20 trillion. Importantly, providing payment gateways is a low-entry barrier business, and the threat of competition is relatively higher. However, Nuvei has a competitive advantage with its sports-betting payment platforms that has high-entry barriers.

High-growth segments like online marketplaces and regulated online gaming have a huge addressable market and offer huge growth prospects. In addition, Nuvei offers a single integrated payment platform for multiple currencies, and more geographies will be an important driver for its merchant additions.

Nuvei reported US\$21.6 billion in total volume in Q3 2021, representing 88% growth year over year. Total volume denotes the dollar transaction value processed by its merchants on the platform. Its revenues during the quarter increased 96% relative to the same period last year. The financial growth effectively seeped into its stock price, and IPO investors have more than doubled their investment so far.

Nuvei management [sees](#) US\$720 million in revenues this year, indicating a 92% growth year over year. In addition, the company sees 30% annual revenue growth in the medium term and an adjusted EBITDA margin of 50% in the long term.

Bottom line

That's quite a rosy outlook, which the company released during its Q3 earnings call. The downside in NVEI stock from its current levels looks limited. Given the upbeat outlook and a massive drop, it could start climbing higher again.

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