



Down 60% From Record Highs, Is Nuvei Stock a Buy Right Now?

Description

With markets trading near all-time highs, it's extremely difficult to find quality stocks trading at a discount. However, in the last few months, several growth stocks have underperformed the broader indices allowing investors to buy the dip. The steep valuations of high-growth companies, coupled with rising inflation rates and the threat of the Omicron variant have exacerbated the sell off.

One such TSX stock that's down close to 60% from record highs is **Nuvei** ([TSX:NVEI](#))([NYSE:NVEI](#)). Shares of Nuvei went public last September and despite the pullback, it has gained over 45% in market value in the last 15 months. Let's see what impacted Nuvei shares recently and if you should buy the [Canadian tech stock](#) at current prices.

Spruce Point Capital accused Nuvei of misleading investors

Spruce Point Capital is an investment management company that focuses on short selling, value, and special situation investment opportunities. Spruce Point Capital claimed it conducted [a forensic and accounting review](#) of Nuvei where the company found the latter covered up business failures and is wrestling with a "lack of organic growth."

According to Spruce Point, there is enough evidence to suggest Nuvei has experienced declining revenue growth in North America. Further, the investment firm emphasized several of Nuvei's executives have a checkered past and have been accused of fraudulent activities.

The detailed report alleged Nuvei failed to provide quarterly updates about the number of merchant additions and NVEI stock may lose up to 60% in market value.

However, investors should note that short sellers normally publish scathing reports targeting a particular company after which you need to make a call to see if it makes sense to liquidate your position in the particular stock.

Another Canadian fintech company **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) is also down 67% from all-time highs after Spruce Point Capital released another report accusing the latter of misleading its

investors base.

Is NVEI stock a buy?

In case Nuvei can successfully defend itself against the accusations, the massive pullback provides investors an opportunity to buy a quality stock at a lower multiple. Valued at a market cap of \$9.6 billion, analysts tracking the stock expect sales to rise by 148% to US\$930.7 million in 2021 and by 32% to US\$1.23 billion in 2022. Comparatively, its adjusted earnings per share are forecast to expand from US\$0.84 in 2020 to US\$2.75 in 2022.

We can see that NVEI stock is trading at a forward price to sales multiple of 6 and a price to earnings multiple of 18.8 which is very reasonable given its growth forecasts.

Nuvei is part of a rapidly expanding addressable market and is poised to grow revenue at a rapid clip going forward. The COVID-19 pandemic has increased demand for Nuvei's suite of products and solutions all over the world, which in turn should result in a wider customer base for the company and drive top-line growth going forward.

Wall Street also believes Nuvei stock is undervalued at current levels. Analysts have a 12-month average price target of US\$132 for NVEI stock which is 160% above its current trading price.

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)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. araghunath
2. gsmiley

Category

1. Investing
2. Tech Stocks

Date

2025/06/30

Date Created

2021/12/21

Author

araghunath

default watermark

default watermark