



## Why Nuvei Stock Fell Over 14% Last Week

### Description

Shares of Canadian fintech company **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) fell more than 14% in the last week. The selloff can be attributed to a variety of factors that include volatile macro-economic conditions due to ongoing tensions between Russia and Ukraine. Further, the threat of multiple interest rate hikes, rising inflation, and an overvalued stock market have impacted equity indices this year.

Nuvei stock is currently trading 61% below all-time highs, valuing the company at [a market cap](#) of \$9.66 billion. In fact, NVEI investors lost almost 40% in a single trading session last December after noted short-seller Spruce Point Capital Management published [a scathing report](#) about Nuvei. Here, Spruce Point alleged that Nuvei made dubious hiring decisions, and it also questioned the company's acquisition strategy.

### Can Nuvei stock rebound in 2022?

Spruce Point expected Nuvei shares to fall between 40% and 60% based on its assessment. But it's quite possible for shares to fall further, especially if market sentiment turns bearish. Alternatively, every market correction can be viewed as a buying opportunity by long-term investors.

Nuvei has been one of the top [growth stocks](#) in Canada, and it has surged over 46% since the company went public in September 2020, despite the massive pullback in recent months. On the back of highly accretive acquisitions and the expansion of its merchant base, Nuvei sales have risen from US\$149.7 million in 2018 to US\$375 million in 2020.

Unlike most other high-growth tech stocks, Nuvei is profitable, and its operating income surged from US\$5.07 million in 2018 to US\$76 million in 2020.

In the first nine months of 2021, the total volume processed on Nuvei's platform surged to US\$64.1 billion, up from US\$29.3 billion in the year-ago period. Its revenue rose 97% year over year to US\$512.7 million while adjusted net income more than tripled to US\$221 million in this period. The company's adjusted EBITDA also doubled to US\$225.8 million in the last three quarters, while operating cash flow stood at US\$201.9 million compared to US\$49 million in the year-ago period.

The company added alternative payment methods or APMs in Q3, increasing its portfolio to over 500 APMs at the end of the quarter. It also enabled payouts in North America with **Visa** Direct, expanding its portfolio of real-time payout options.

Nuvei gained traction in the highly lucrative online betting and sports betting vertical south of the border after announcing new customer wins in Q3. It also completed previously announced acquisitions of Simplex and Paymentez LLC in the last quarter.

## Is NVEI stock overvalued?

Analysts tracking Nuvei expect its sales to rise by 144.3% to US\$916.25 million in 2021 and by 30.7% to US\$1.2 billion in 2022. Comparatively, its adjusted earnings are forecast to rise from US\$0.84 in 2020 to US\$2.64 in 2022.

So, NVEI stock is valued at a forward price-to-sales multiple of 6.3 and a price-to-earnings multiple of 20, which is very reasonable. Bay Street also remains bullish on Nuvei and has a 12-month average price target of US\$112, which is 105% above its current trading price.

### CATEGORY

1. Investing
2. Tech Stocks

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