



## Record EBITDAs: 2 Forgotten Stocks Deserve a 2nd Look

### Description

Last year was uneventful for a **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) after a short-seller report sent its share tumbling. In the lumber and wood production industry, **Stella-Jones** ([TSX:SJ](#)) didn't attract much attention in the second year of the COVID pandemic.

However, the fortunes of both stocks could change following their stellar results in Q4 and full year 2021. If you're looking for investment options with [growth potential](#), Nuvei and Stella-Jones deserve to be in your [watchlist](#). Their share prices could soar if the respective businesses won't lose momentum in the coming quarters.

### Rising from a setback

Nuvei rose to as high as \$175.04 on September 16, 2021, before its 40.4% sharp drop on December 8, 2021. Spruce Point Capital Management released a report alleging misdeeds by the [flourishing tech firm](#) and its senior executives. The New York-based management firm questioned the Nuvei's growth record and acquisition strategy.

Spruce added that the payment-processing company had a 40-60% long-term downside risk. Nuvei countered by saying the report was "intentionally misleading" and had personal attacks against company executives, including CEO Philip Fayer.

Despite the denial, the tech stock went into free fall. It was learned that Spruce Point had a short position in Nuvei and would benefit if the price dropped. However, the battered tech stock might recover after presenting its earnings results. In 2021, adjusted EBITDA increased 95%, while cash from operating activities ballooned 182% versus 2020.

Nuvei's total revenue rose 93% and net income reached US\$107 million compared with the US\$103.7 million net loss in the previous year. Also, free cash flow climbed 100% year over year to US\$290.1 million. In Q4 2021 alone, total volume increased 127% to US\$31.5 billion. The e-commerce segment contributed 88% of total volume.

Fayer said Nuvei made tremendous progress while investing in flexible, scalable, modular technology platform. The platform should address the rapidly evolving global and local needs of its customers. For 2022, management forecasts total volume and adjusted EBITDA to be at least US\$127 billion and US\$407 million.

Market analysts' 12-month average price target is \$113.31, or a potential climb of 55.2% from its current price of \$73.03. Nuvei's could turn the corner soon and regain investors' confidence.

## Record performance on many fronts

Éric Vachon, president and CEO of Stella-Jones, said the company delivered record performance on many fronts last year. Apart from the increased sales, the \$2.52 billion producer and seller of pressure-treated wood products had strong EPS growth and solid cash flows.

In 2021, EBITDA rose \$400 million from \$385 million in 2020. It was a record high for Stella-Jones. Total sales increased 7.8%, while net income rose 8.1% year over year to \$227 million. The pressure-treated wood products of Stella-Jones includes utility poles, railway ties, residential lumber, and other industrial products. It also sells logs and lumber.

Stella-Jones is a dividend payer, and because of its strong capital position, the company raised its quarterly dividends (Q4 2021) by 11%. At \$39.27 per share, the dividend yield is 1.90%. Based on analysts' forecasts, the price could appreciate 33.5% to \$52.44 in one year.

## Buy candidates

Nuvei and Stella-Jones should be on investors' radars this month because of their stellar earnings results, which should be reflected in the stocks' performance very soon.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:SJ (Stella-Jones Inc. )

### PARTNER-FEEDS

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2. Koyfin
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