



Are Lightspeed and Nuvei Stock Buys Right Now?

Description

The short report issued by Spruce Point eroded a significant portion from **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stocks. At current price levels, both these stocks are down over 50% from their respective highs.

Besides the short report, macro headwinds, and general selling in growth stocks further remained a drag.

However, I believe investors should take advantage of this weakness in the share prices of these companies. Notably, both these companies are growing well and have multiple growth catalysts that would lead to a recovery in their stock prices. Let's look at the factors which could drive these stocks higher in the long term.

Lightspeed

While Lightspeed stock has recovered a bit from the lows, it is still down about 76% in six months. This correction creates an opportunity to buy, as the company's organic sales continue to grow, despite concerns of a slowdown.

Notably, Lightspeed's organic growth was 74% in the software and transaction-based revenue during Q3. Meanwhile, its monthly average revenue per user, excluding the recent acquisition of Ecwid, improved significantly.

While Lightspeed's organic revenue growth could moderate in the near term, it is expected to benefit from the ongoing shift of small- and medium-sized businesses towards omnichannel platforms. Further, its growing payments penetration and expansion into growth markets are positives. Also, its increasing customer base, adoption of multiple modules by customers, and opportunistic acquisitions augur well for growth.

Thanks to the recent correction, Lightspeed's EV-to-sales multiple has dropped to 5.4, which reflects a massive discount to its historical average. Overall, the pullback in its stock price and continued

expansion of its performance metrics, including gross transaction volume, payments penetration, and average revenue per user, make Lightspeed [attractive at current price levels](#).

Nuvei

Shares of financial technology company Nuvei have bounced back from the lows and have increased about 36% in one month. Despite this recovery, Nuvei stock is still down about 50% from its 52-week high, presenting a [buying opportunity](#).

Nuvei continues to grow rapidly. During the last reported quarter, its volume and revenue increased by 127% and 83%, respectively. Further, its organic revenue and adjusted EBITDA increased by 55% and 78%, respectively.

Notably, Nuvei's management reiterated its medium-term revenue and volume outlook, which is encouraging. Nuvei expects its volume and revenues to increase by over 30% in the medium term. Meanwhile, it expects its long-term adjusted EBITDA margin to be over 50% in the long term.

The expansion of its addressable market, continued addition of new alternative payment methods, entry into high-growth segments augur well for growth. Furthermore, increased penetration of e-commerce, product innovation, higher revenues from existing customers, ability to attract new customers, and strategic acquisitions provide a multi-year growth opportunity for Nuvei.

Final thoughts

These Canadian companies continue to grow rapidly while their shares offer a significant discount at current levels. However, investors should note that these stocks could remain volatile in the near term due to the current macroeconomic environment.

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)

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