



Nuvei (TSX:NVEI) Stock at 3-Month Highs: Time to Buy?

Description

What happened?

Fast-growing Canadian fintech stock **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) has been quite volatile this year. However, despite the large swings, it seems to be stabilizing from the months-long weakness. The stock reached its three-month high of \$94 last week, but it is still 50% lower than the all-time highs in September last year.

So what?

A \$13 billion Nuvei was among the top-performing stocks on the TSX for the most part of last year. However, the double whammy hit the growth stock in Q4 2021 thanks to its towering valuation and Spruce Point Capital's highly critical short report. Nuvei management continued to hold its upbeat outlook for future earnings growth, but the short report's damage was already done, causing the stock to plummet by more than 40% in a day.

Nuvei stock seems to be stabilizing this year. Its Q4 2021 earnings beat analyst expectations, providing some support to the investor sentiment. Apart from the superior earnings growth, the company has been partnering with cryptocurrency platforms and sports wagering companies in 2022. This will likely expand its revenue base in the next few quarters. In addition, Nuvei announced a [share-purchase plan](#) on March 18, which indicates its healthy balance sheet and future growth potential.

The company management aims to grow its revenues by 30% annually for the foreseeable future. Moreover, Nuvei will continue to maintain its adjusted EBITDA margin above 50% in the long term. So, investors will likely get to see market-beating financial growth from this Canadian fintech company.

Now what?

NVEI stock does not look attractive from the [valuation](#) angle. It is currently trading 90 times its earnings and 14 times its annual sales. Even if growth stocks trade at a premium, this seems extra and could weigh on the stock.

Even if tech stocks have started to recover, challenges do not seem over just yet. Faster-than-expected interest rate hikes amid soaring inflation could notably dent [growth stocks](#). As a result, the central bank's stance on the policy tightening and future earnings growth will likely be key cues for stocks like Nuvei going forward.

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