



1 Canadian Growth Stock That Has Exposure to Cryptocurrencies

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) is one of the fastest-growing companies in Canada, valued at \$13.6 billion by [market cap](#). It provides payment technology solutions to merchants and partners in North America and other international markets. Nuvei's suite of payment solutions supports the lifecycle of transactions across mobile, online, in-app, and in-store channels.

Its domain expertise allows merchants to navigate global payment challenges in a digital economy. The Nuvei ecosystem continues to expand and supports a range of payment possibilities including fiat and cryptocurrencies.

Nuvei generated sales of \$4.7 million from cryptocurrencies in 2020 and this figure grew to \$80.5 million in 2021, accounting for 11% of total revenue.

Earlier this week, Nuvei announced a collaboration with XT.COM to facilitate the onboarding of new users. XT.COM is a [cryptocurrency](#) exchange and the partnership will make it easier for users to fund accounts via convenient payment methods.

XT.COM is optimistic about expanding its user base as investors can fund accounts through credit and debit card purchases as well as bank transfers and platforms including **Apple** Pay. With 300,000 monthly active users and a total user base of 30 million, XT.COM has gained popularity as a social-infused crypto exchange and may be a key revenue driver for Nuvei going forward.

The bull case for Nuvei stock

In the last four years, Nuvei has increased sales from US\$124 million in 2017 to US\$725 million in 2021, indicating annual growth rates of 55%. The company's management estimates sales between US\$940 million and US\$980 million in 2022 and is confident about growing revenue by 30% annually in the medium term.

Nuvei has focused on aggressively acquiring companies to grow its top line. The total amount processed on the Nuvei platform rose to US\$96 billion in 2021, compared to US\$43 billion in 2020,

allowing it to increase sales from US\$376 million to US\$725 million in this period. While a majority of the growth was driven by acquisitions, around 61% of the revenue increase was organic.

Further, Nuvei's net revenue retention rate improved from 101% in 2020 to 146% in 2021 which suggests existing customers increased spending by 46% in the last year.

Unlike most other tech companies, Nuvei reports a consistent profit. Its gross margin stood at 80% in 2021 while it reported a net income of US\$105 million. It generated US\$265 million from operations while free cash flow was higher at US\$290 million in the last year. Nuvei ended 2021 with US\$750 million in cash, allowing it to reinvest in acquisitions or focus on international expansion.

NVEI stock: valuation and more

Analysts tracking Nuvei expect [sales to rise](#) by 33% to US\$1.21 billion in 2022 and by 29% to US\$1.56 billion in 2023. Comparatively, its adjusted earnings per share is forecast to rise at an annual rate of 40% in the next five years.

So, NVEI stock is valued at a forward price-to-sales multiple of 11.2 and a price-to-earnings ratio of 37, which is acceptable given its growth forecasts. The ongoing sell-off in the tech sector has dragged Nuvei down 50% from record highs, allowing you to buy the dip. Analysts expect NVEI stock to surge close to 25% in the next year.

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