



Why Nuvei Stock Is 50% Higher in 1 Month: Time to Buy More?

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock was a darling, being bid up by investors for about a year after being listed on the **TSX**, until the bubble in [growth stocks](#) burst. The enthusiasm for the tech stock was also soured by the short report from Spruce Point Capital Management. From a financial position and valuation perspective, Nuvei stock was one of the less-expensive [tech stocks](#) when growth stocks swelled in a bubble. NVEI stock became oversold in December and has largely consolidated in a trading range of \$60-90 per share since.



In a month, the stock is 50% higher! It partly has to do with the cheap valuation at the time. Another

reason was that the company released impressive earnings results in early March.

Nuvei stock's recent results

"Our team delivered an excellent quarter in which we exceeded our financial outlook, capping off an exceptional year. Our revenue increased 83% for the fourth quarter and 93% for the full year 2021. Total volume increased 127% to US\$31.5 billion for the quarter, and 121% to US\$95.6 billion for the year."

Nuvei chair and CEO Philip Fayer from the 2021 year-end results

The company started 2021 with a solid cash position of US\$180.7 million, which jumped to almost US\$748.6 million at the end of the year. The boost in cash was primarily from the timely listing of NVEI stock on the NASDAQ, which raised US\$424.8 million at US\$123.14 per share. It's also important to note that Nuvei generates strong cash flows — it produced net cash of just over US\$266.8 million from operating activities in 2021. Money spent on capital projects was only 10% of its net cash from operations, so its 2021 free cash flow generation was close to US\$239.7 million — three times that of 2020.

Growth outlook of Nuvei remains solid

Nuvei has been building partnerships and expanding its customer base. In the second half of March alone, it made about five press releases related to partnerships or customer expansion or engagement. For example, Nuvei partnered with XT.com, allowing the latter's over 300,000 monthly active users to more easily fund their cryptocurrency accounts through convenient payment methods.

"We have made tremendous progress while investing in our flexible, scalable, modular technology platform to address the rapidly evolving global and local needs of our customers. As our addressable market increases, four pillars underpin our trajectory and remain central to our strategic priorities in driving the future of commerce: product innovation, growth with existing customers, attracting new customers, and acquisitions. These lay the foundation for us to build on our momentum which is reflected in the financial outlook we are providing today of revenue between US\$940 million and US\$980 million, representing year-over-year growth of 30% to 35%. I am extremely pleased with our results and remain very excited about our future."

Nuvei chair and CEO Philip Fayer from the Q4 press release

Nuvei's revenue growth was exceptional last year. A 30% revenue growth rate for this year, if achieved, would still be excellent.

The tech stock has near-term resistance at the \$100-\$110 range. If it can break above this resistance successfully, it will probably consolidate for some time at the \$120 level before heading higher. This price action needs to be supported by the company staying fundamentally strong and growing. With what Nuvei has shown from its results so far, the company seems to have a good chance of succeeding.

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