



Why Nuvei Stock Fell 10% Last Week

Description

Shares of Canadian fintech company **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) fell 10% in the last week ended on April 8, 2022. Right now, Nuvei is trading 51% below all-time highs, valuing the company at \$12.2 billion, by [market cap](#).

Several [growth stocks](#), including Nuvei, have lost massive value in the last five months due to a variety of reasons. These include concerns overvaluation, interest rate hikes, rising inflation numbers, higher commodity prices, geopolitical tensions, and more.

In addition to macro-economic challenges, Nuvei was also impacted after a scathing short-seller report published by Spruce Point Capital in December, which alleged the company of making questionable hiring decisions and overpaying for acquisitions.

Despite the pullback, Nuvei stock has gained close to 90% since its IPO in late 2019. Comparatively, the S&P 500 index has returned 35% to investors in this period. Let's see if Nuvei stock should be part of your portfolio at current prices.

The bull case for Nuvei

Nuvei provides payment technology solutions to merchants in North America and other international markets. Its suite of payment solutions supports the transaction lifecycle across mobile, in-app, and in-store channels.

Nuvei has increased sales from US\$149.7 million in 2018 to US\$724.5 million in 2021, indicating an annual growth rate of more than 69% in the last three years. Further, while several growth stocks are wrestling with consistent losses, Nuvei has increased its operating income to US\$148 million in 2021, up from just US\$5 million in 2018.

Nuvei increased revenue by 83% in Q4 of 2021 while the total volume processed on its platform more than doubled to US\$31.5 billion in the quarter ended in December. In 2021, the company processed US\$95.6 billion on its platform.

The e-commerce segment accounted for 88% of total payments volume in Q4. Further, organic revenue growth stood at 55% of total top-line growth, while the rest was derived from acquisitions.

Nuvei claims investments in its scalable and modular technology platform enabled it to address the evolving requirements of its expanding customer base. It has successfully widened its reach to partner with players in the [cryptocurrency](#) and sports betting verticals over the years. Nuvei has also pumped in capital to aggressively acquire companies that are accretive to its revenue and profit margins.

Nuvei estimates sales in 2022 to range between US\$940 million and US\$980 million, which indicates a year-over-year growth rate between 30% and 35%.

The bear case for NVEI stock

Yes, Nuvei stock has trailed the broader market in recent months. But the company continues to trade at a premium. Analysts tracking Nuvei [forecast sales to rise](#) 33% to \$1.2 billion and by 29% to \$1.57 billion. Comparatively, its adjusted earnings per share are expected to rise from \$2.12 in 2021 to \$3.41 in 2023.

So, Nuvei stock is valued at a forward price-to-2022-sales multiple of 10 and a price-to-earnings ratio of 33, which is still expensive. However, Bay Street remains bullish on Nuvei stock, given the consensus 12-month price target of \$120, which suggests upside potential of 40% from current levels.

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