



Nuvei (TSX:NVEI) Stock: The Selloff Is an Opportunity to Buy

Description

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) is a payment technology company with businesses across North America, Asia Pacific, Europe, and Latin America. As global commerce continues to pivot online, Nuvei's proprietary technology platform positions it well to capitalize on the ongoing shift towards digital platforms.

Thanks to the positive secular trends, its ability to expand addressable market, strategic acquisitions, and new product launches, Nuvei continues to deliver solid volume, revenue, and adjusted EBITDA growth.

For context, Nuvei's total volume jumped 121% to \$95.6 billion in 2021. Meanwhile, e-commerce represented about 86% of the total volume. Further, its revenue and adjusted EBITDA increased by 93% and 95%, respectively.

While Nuvei delivered impressive financials, what stood out was the 61% increase in organic revenue, which is encouraging.

Despite its stellar financial and operating performances, Nuvei stock has fallen about 54% from its peak. This represents an [opportunity to acquire](#) the shares of this high-growth company at a reasonable price. But before I jump to the reasons for buying Nuvei stock, let's focus on the factors that dragged it lower.

Why is Nuvei stock down?

A confluence of factors, including a short report from Spruce Point, weighed on Nuvei stock. While Nuvei termed the short report as false, it led investors to dump its stock, which wiped out a considerable portion of value from its market cap.

Besides the short report, general selling in high-growth stocks and macro headwinds, including high inflation and rising interest rates, further lowered it.

Now what?

Despite the challenges and tough year-over-year comparisons, Nuvei's management remains upbeat and expects to rapidly grow its volume and revenue. The company reiterated its medium-term outlook and expects to deliver a volume and revenue growth of more than 30%.

The ongoing shift towards online platforms and increasing penetration of e-commerce is positive and will support its growth. Moreover, strong crypto demand and its foray into high-growth verticals bode well for growth.

Furthermore, the continued addition of multiple new alternative payment methods, customer acquisitions, high retention rate, growing addressable market, product expansion, and higher revenues from existing customers could continue to drive its revenue and adjusted EBITDA. Also, opportunistic acquisitions could accelerate its growth and drive Nuvei's stock price higher.

Bottom line

The current macroeconomic and geopolitical environment could continue to play spoilsport in the short term. However, my bullish outlook is supported by Nuvei's strong base business, robust organic sales, and multiple growth catalysts.

It's worth noting that Nuvei's volume comes from e-commerce and mobile commerce, which is positive, as these segments have strong potential for future growth. Further, the opportunity to cross-sell and up-sell products to its existing customers, growing international footprint, and ability to adapt to regulatory changes are positive.

Overall, the [pullback](#) in Nuvei stock, strong momentum in its underlying business, ability to accelerate growth through opportunistic acquisitions, and expansion of its target market suggest that the company could continue to deliver stellar financial performance and outperform the benchmark index in the long term.

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