



Is Nuvei Stock a Buy Post Q1 Results?

Description

Canada-based fintech company, **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) announced its Q1 results on May 10 and reported revenue of US\$214.54 million with adjusted earnings of US\$0.46 per share. Wall Street forecast Nuvei to report revenue of US\$211.6 million and adjusted earnings of US\$0.41 per share in the quarter ended in March. In the year-ago period, Nuvei reported revenue of US\$150.48 million and adjusted earnings of US\$0.35 per share.

However, the company forecast revenue between US\$217 million and US\$223 million in Q2 compared to consensus estimates of US\$235.75 million. Due to its less-than-impressive guidance, Nuvei stock lost over 5.5% in market value yesterday.

Let's see what impacted Nuvei's financials in Q1.

Nuvei sales grew by 73% in EMEA

The total payments volume processed on Nuvei's platform rose by 42% to US\$29.2 billion in Q1, up from US\$20.6 billion in the year-ago period. Additionally, e-commerce accounted for 88% of the total volume. While Nuvei has focused on acquisitions to drive the top line higher, organic revenue grew by 32% to US\$198 million in Q1 of 2022.

Its operating cash flow rose by 23% to US\$65.7 million and free cash flow surged by 36% to US\$82.5 million. The company ended Q1 with a cash balance of US\$735 million, providing Nuvei with enough financial flexibility in the near term.

Nuvei's revenue derived from Europe, the Middle East, and Africa (EMEA) region surged by 73% to US\$124.6 million while sales from North America grew 13% in Q1. Comparatively, Latin America and Asia-Pacific sales grew by 25% and 64%, respectively, in the March quarter.

Nuvei continues to add several alternative payment methods (APMs) and has increased its portfolio of APMs to more than 550, expanding its ecosystem rapidly.

Earlier this week, artificial-intelligence-powered digital asset trading platform Bibox confirmed it has integrated [Nuvei's Simplex solution](#), which streamlines access to several cryptocurrencies.

Now, Bibox users can purchase [cryptocurrencies](#) by credit or debit cards, as well as **Apple Pay**, SWIFT, or SEPA transfers. The partnership with Nuvei will provide a user-friendly experience to customers and grant Bibox chargeback and fraud protection guarantees.

What's next for NVEI stock and investors?

At the time of writing, Nuvei stock is down 69% from all-time highs, valuing the company at US\$6 billion by [market cap](#). Analysts tracking NVEI stock expect company sales to rise by 33.7% to US\$969 million in 2022 and by 28.8% to US\$1.25 billion in 2023. Comparatively, its adjusted earnings per share are forecast to rise from US\$1.69 in 2021 to US\$2.06 in 2022 and US\$2.75 in 2023.

Nuvei stock is valued at 6.2 times 2022 sales and a price-to-earnings multiple of 20.6, which is quite reasonable. However, growth stocks are currently experiencing a selloff, which might drag the valuation of Nuvei and peers significantly lower in 2022, especially if the company misses analyst revenue or earnings forecasts going forward.

However, investors should also understand that it's impossible to time the market and the volatility surrounding equity markets offers an opportunity to buy the dip and benefit from market-beating gains over the long term. Wall Street remains optimistic about Nuvei and has a 12-month average price target of US\$101, which is 140% above its current trading price.

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