



## Nuvei (TSX:NVEI): This Inexpensive Stock Could Give Stellar Returns

### Description

This year has been brutal for stocks, especially for high-growth tech companies. The fear of an economic slowdown and deceleration in growth wiped out billions from the market cap of top tech stocks.

Like other high-growth stocks, the recent selling led to a steep correction in the shares of the financial technology company **Nuvei** ([TSX:NVEI](#)) ([NASDAQ:NVEI](#)). It has dropped about 71% from its 52-week high. A slowdown in e-commerce growth, uncertainty over consumer spending, and a short report from Spruce Point contributed to this price drop.

It's worth mentioning that the e-commerce volumes account for most of Nuvei's total volumes. Thus, any slowdown in e-commerce growth will impact its financials.

### Now what?

Despite the concerns, Nuvei's management remains upbeat and expects to deliver solid growth in the medium term. Meanwhile, its management termed the short report as false and misleading.

The strength in Nuvei's business sustains despite tough comparisons. For instance, Nuvei delivered solid Q1 financials, wherein its volume, top line, and adjusted EBIDTA increased by 42%, 43%, and 40%, respectively.

Furthermore, its upbeat outlook indicates that momentum in its business would sustain. Notably, Nuvei expects to deliver revenue growth of 30-35% in 2022, which is encouraging.

### Factors supporting growth

Nuvei's growth target seems achievable. Further, a reacceleration in e-commerce growth in the second half of 2022 could help it outperform its guidance.

Nuvei's investments in direct sales and its diversified network of distribution partners enable the company to acquire new customers. Further, the expansion of alternative payment methods on its platform supports new customer growth as it allows more forms of localized payment acceptance and payouts functionality. Notably, Nuvei is also expanding its digital assets and cryptocurrency solutions, which augurs well for growth.

What stands out is Nuvei's ability to expand its wallet share with existing customers through the land-and-expand strategy. It cross-sells and up-sells products at a limited incremental sales and marketing cost, which supports its profitability.

Moreover, Nuvei is focusing on expanding its international footprint and entering emerging markets, which should support its growth. Meanwhile, its investments in developing its product portfolio and opportunistic acquisitions will likely accelerate its growth.

Besides its multiple growth catalysts, Nuvei's compelling valuation could lead to a steep recovery in its stock price. Nuvei stock trades at a forward EV/sales multiple of 5.3, representing a significant discount from its historical average.

## Bottom line

While near-term macro headwinds and unfavourable currency movement could continue to pose challenges for Nuvei, its long-term fundamentals remain intact. Nuvei has strong growth opportunities ahead, as businesses continue to pivot online. Moreover, its entry into high-growth verticals like social gaming augurs well for growth.

Overall, Nuvei's low valuation, ability to acquire new customers, drive higher revenues from existing customers, and investments in its platform and marketing should support its financial performance in the coming years. Also, my bullish outlook is supported by its selective acquisitions, growing scale, share buybacks, and ability to repay debt early.

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