



## 4 Things to Know About Nuvei Stock

### Description

Canada's once top growth stock **Nuvei** ([TSX:NVEI](#)) topped the charts last year. However, things soon upturned. Nuvei is one of the laggards in 2022, losing 80% of its value since last year. But does it make sense to bet on it after such a steep correction? Let's see.

### Nuvei is a fast-growing, diversified fintech company

Nuvei is a \$5.5 billion fintech company that provides a payment-processing platform. Its customer base includes e-commerce websites, cryptocurrency platforms, and even regulated sports betting companies. It operates in over 200 global markets and supports 150 currencies.

The scale and diversified merchant base have played well for its financial growth so far. Nuvei caters to a large addressable market and represents a small market share, offering huge growth potential.

During the pandemic years, Nuvei saw impressive revenue growth from its e-commerce segments. However, as people again moved back to brick-and-mortar stores, Nuvei's top-line growth slowed down in the last few quarters.

Nuvei charges transaction fees to merchants for offering a payment gateway. It also spawns revenues from value-added services like analytics and insights to merchants.

### NVEI stock at record lows

Like many other growth stocks, NVEI has been weak this year and has corrected more than 50% so far. It was, in fact, a double whammy for Nuvei. In December last year, a short-seller released a highly critical report on Nuvei, which significantly hampered investor sentiment. So, since December 2021, the stock has dropped nearly 80%, burning massive shareholder wealth.

Such a correction was on the expected lines, given fast-rising interest rates this year and its overvalued stock. Growth names such as [technology stocks](#) underperform in a rising rate environment

as their future cash flows are discounted at a higher rate. Plus, investors move to cyclical stocks by dumping relatively volatile names.

## Financial growth and guidance

However, Nuvei has shown superior financial growth over the last several quarters. In response to a short-seller's report, Nuvei management issued its long-term guidance. It expects over 30% revenue growth annually for the next few years. Interestingly, the company expects its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) margin of +50% over the long term.

Nuvei has a strong profit margin profile and has remained intact this year as well. Relatively newer companies see margin pressure, as the corporate investment cycle slows amid rising rates. So, handsome revenue growth and a healthy margin profile indicate its financial strength, making it a decent bet for the long term.

## Valuation

Despite its business and financial strength, NVEI stock could continue to trade subdued in the short term. As central banks seem aggressive on the policy-tightening front, the stock could remain under pressure.

It is currently trading 60 times earnings and looks [overvalued](#). So, investors could get this fintech stock at relatively better levels in the next few months. Note that if you wish to enter in multiple tranches, you can consider entering at current levels.

### CATEGORY

1. Investing
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1. NASDAQ:NVEI (Nuvei Corporation)
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