



Is Nuvei Stock a Buy Right Now?

Description

This has not been a year for tech stocks. They fell to multi-year lows amid record-high inflation and rapidly rising interest rates. Canada's fast-growing fintech company **Nuvei** ([TSX:NVEI](#)) has been one of them. After skyrocketing last year, it plummeted this year like a rock and has lost 56% this year. NVEI stock somewhat recovered in the last few weeks after milder-than-expected inflation data.

What's next for NVEI stock after a steep fall?

After such a steep fall, [value-conscious](#) investors might find it attractive. But is it really? Considering the enduring challenging macro landscape, is this fintech name worth the risk? And especially when it is trading 78 times earnings!

Let's see.

The scale is certainly an advantage for Nuvei as it caters to more than 200 global markets and supports almost 600 payment methods. E-commerce has been its key vertical, but it also operates for cryptocurrency platforms and regulated sports betting companies. So, as the volume goes up, revenues for Nuvei increase. Volume represents the total dollar value of transactions processed by merchants.

Nuvei Q3 2022 earnings

For the third quarter (Q3) of 2022, Nuvei reported total revenues of US\$197 million, an increase of 7% from last year. This was the slowest revenue growth for Nuvei in the last 12 quarters. Its net income for the quarter also dropped by 53% year over year. Its net margin also came down significantly during the quarter.

However, the management has kept its long-term guidance intact with annual 30% revenue growth and +50% adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) margin for the long term. Those are still some superior growth numbers. NVEI stock will likely create notable

shareholder value if the guidance is achieved.

But before that, the short term could still be taxing for NVEI. The stock could fall back to \$35-odd levels, as the macro picture continues to remain challenging. Although inflation growth slowed last month, it is still way higher than the Fed's target range.

Interest rate hikes could continue to weigh on growth stocks

As a result, we might keep seeing interest rate hikes, probably in 2023 as well. We saw this year how the rate-hike woes were unwelcomed by growth stocks. So, the rally we saw during mid-November might soon fade.

As earlier stated, NVEI stock is currently trading 78 times its earnings and looks way overvalued. Broad market weakness disproportionately weighs on such stocks. That's why we saw NVEI stock tumbling 56% when [TSX tech stocks](#) fell 30% this year.

The Foolish takeaway

That does not make Nuvei stock a bad bet. Rate-hike pressures have notably weighed on markets this year. But Nuvei is an attractive stock for the long term if bought at a better valuation.

Its geographically diversified presence and established footprint in the niche verticals like sports betting stand tall among peer payment-processing companies. Its long-term guidance when the broader economic growth looks uncertain, speaks about its business strength. So, a review after the Fed's next meeting or buying NVEI in multiple tranches could be a prudent move.

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