3 Top Tech Stocks to Buy Right Now

Description

Recent market weakness has given us a few opportunities to buy certain high-quality tech stocks that we like at even better prices for a higher potential return.

Here are three such stocks.

Sierra Wireless, Inc. (TSX:SW)(NASDAQ:SWIR)

Sierra Wireless is increasingly trading at attractive valuations. At this point, the stock is trading at just over $20 — down over 28% since January.

In terms of multiple, the stock is trading at a P/E multiple of 19 times 2017 EPS and 16 times next year's consensus expected EPS. This is a far cry from the multiples of over 60 times that the stock was trading at back in 2015, so it's a big improvement.

This is at a time when the company is reporting better-than-expected results, increasing gross margins, and strong increases in EPS. In the last four quarters, the company reported better-than-expected results.

The company's recent acquisition of Numerex will give it exposure to higher-margin (54% versus 34% gross margin for Sierra's core revenue), recurring revenue on a go-forward basis.

Sierra remains well positioned to benefit from the Internet of Things machine connectivity opportunity.

Open Text Corp. (TSX:OTEX)(NASDAQ:OTEX)

Open Text has not been down so much, as it has been highly volatile recently. As the company is showing clear strength in the software industry and very strong financial results, the stock is reacting to a new world.

Revenue and earnings in the fourth quarter blew right past expectations in a quarter that saw 35% revenue growth, 41% EPS growth, and adjusted EBITDA margins that improved three full percentage points.

Besides the strong revenue and earnings growth that the company is achieving, free cash flow generation has ramped up significantly this quarter.

Operating cash flow, the true measure of how a business is performing, increased 56% compared to the same quarter last year, and free cash flow increased 48% to $141 million.

Improving free cash flow means that the company was able to pay off debt and bring down its leverage ratios. Going forward, it can increase its dividend or make further acquisitions.

Those are all good things that are setting the company up for continued future growth and setting the stock up for continued future gains.

CGI Group Inc. (TSX:GIB.A)(NYSE:GIB)

With $10.8 billion in revenue, CGI is Canada's largest Information Technology (IT) services firm. The company has and will continue to grow by consolidating the industry and by growing organically, as the IT services industry is a growth industry.

CGI is a cash machine. Cash from operations increased 17% to $410.1 million, or 14.6% of revenue, and free cash flow of $181 million after capex and acquisitions for a free cash flow yield of 6.4%.

At this point in time, CGI still has a big opportunity to continue along its growth trajectory, with a focus on higher-margin business further increasing the company's margins over time.

So, there you have it: three tech stocks that are setting up for a soaring 2018.

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