

Buy These 2 Global Tech Stocks

Description

The technology sector accounts for only 3.2% of the broader TSX index. However, Canada's technology sector is rapidly gaining steam. The TSX technology index has handily outperformed the TSX, returning 17% over the past year. In comparison, the TSX has lost 3.11% over the same time frame. Here are two tech stocks with significant global operations that can help diversify your holdings.

Internet of Things (IoT) spurs growth

Sierra Wireless, Inc. ([TSX:SW](#))([NASDAQ:SWIR](#)) offers cellular embedded wireless modules for IoT connectivity. It is one of the few pure-play IoT tech plays in the North American markets. Its devices have been sold in 130 countries and are operating on more than 80 networks globally. The global IoT market is expected to grow at a compound annual growth rate (CAGR) of 28.5% through 2020.

Sierra is trading near 52-week lows, which has presented investors with a great opportunity. The company has consistently grown sales and earnings by double digits over the past few years. Next year, the company is expected to grow earnings by 37%. At a forward price-to-earnings (P/E) ratio of 17.9, the company is cheap.

It's share price has been impacted due to lower-than-expected earnings guidance in the first quarter of 2018. However, it is important to note that earnings will be impacted by non-recurring items. Likewise, expected revenues came in above expectations, which is reflective of strong demand.

Integrated solutions with a leading market share

Mitel Networks Corp. ([TSX:MNW](#))([NASDAQ:MITL](#)) is a Canada-based provider of business communications and collaboration software, services, and solutions. Its communications solutions meet the needs of customers in over 100 countries. Its market-leading technology integrates landline and mobile phones, and it offers call centre and videoconferencing products. Mitel proudly touts its 70 million users globally and 4,000 global partners.

Mitel is one of the few stocks that has enjoyed a positive start to 2018. Year to date, its share price has risen approximately 7% and has risen almost 30% over the past year. In the last quarter, the company grew revenue and earnings by 37% and 22%, respectively. Mitel has aggressively pursued growth through organic expansion and acquisitions. Over the past 10 years, it has made 11 strategic acquisitions.

Looking forward, Mitel is expected to grow free cash flow from \$28 million in 2017 to \$189 million in 2020. This impressive growth will enable the company to internally finance expansion and future acquisitions. Mitel expects earnings to grow by an CAGR of approximately 30% through 2019. At a forward P/E ratio of 10.46 and a P/E-to-growth ratio of 0.38, the company is very cheap.

Buy global companies for diversification

Investors don't need to purchase foreign equities to gain exposure to the global market. Sierra and Mitel are great examples of TSX-listed companies with significant global operations. They operate in an exciting sector with significant opportunity for global growth. At today's prices, both companies provide great entry points for investors looking for technology and global diversification.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. TSX:SW (Sierra Wireless)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/19

Date Created

2018/04/12

Author

mlitalien

default watermark

default watermark