



## Revealed: The Biggest Canadian IPO of 2018 Is Now a Buy

### Description

2018 was a relatively quiet season for IPOs in Canada. PwC noted that the Canadian IPO market only scored \$2.2 billion, down over half on a year-over-year basis. While there wasn't much excitement last year, I think the lack of hype may present an opportunity for long-term investors now that the dust has all but settled after a year of trading in the public markets.

The largest IPO in the class of 2018 was **Ceridian HCM Holdings** (TSX:CDAY), a stock that you likely missed and probably have never heard of if you weren't following [the IPO scene](#) closely last year. The maker of human resource software and services has been on a tear since shares landed on the TSX. More recently, shares have been roaring, now up 42% year to date, but despite the impressive run, the mid-cap name has still been able to avoid the limelight.

Fellow Fool contributor Will Ashworth is a ["big believer"](#) in Ceridian's IPO, primarily because of its flagship Dayforce HR product, which is a standout solution in a relatively untapped market.

"The recurring revenue potential is phenomenal," said Ashworth. "I see bigger things ahead for Ceridian primarily because HR is such a massive industry, and those who do it well could win a lot of business relatively quickly. Plus, Ceridian CEO David Ossip is as good as they come."

The potential cost savings from such an HR product would make Ceridian's product invaluable to prospective clientele. As we've seen with **Shopify**, a massive market opportunity with exceptional stewards running the show is a formula for an outstanding product and a soaring stock. To make the Ceridian story even more "sexy," management is harnessing the power of the cloud with its modern HCM (Human Capital Management) platform that covers a wide range of HR tasks (payroll, benefits, recruiting, talent management, and all the sort).

Ceridian is a treat for growth-savvy Canadian investors. The IPO going under the nose of most, I believe, is nothing more than an opportunity for those who are now aware of the name just over a year after the name landed on the TSX index. As we saw in the case of Solium Capital (now known as Shareworks), a Calgary-based SaaS play that managed employee stock options that I was pounding the table on numerous times until it was acquired for nearly \$1 billion earlier this year, the mid-cap tech

darling looks ripe for a takeover.

At the time of writing, Ceridian trades at 9.1 times sales and 4.1 times book, which is not that expensive considering the magnitude of growth you're getting. My colleague Will Ashworth is a believer in management, so I think Canadians ought to scoop up the tech darling before it captures the attention of mainstream investors.

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