



The 3 Best (and Worst) Canadian Tech Stocks of 2019

Description

So far, 2019 has been a great year for Canadian tech stocks! Of the top technology stocks on the TSX, three stocks stand out: **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), **Kinaxis Inc.** (TSX:KSX), and **Constellation Software** ([TSX:CSU](#)). Each of these stocks has rewarded investors with returns of over 50%!

Shopify

Shopify is Canada's e-commerce powerhouse. The company topped \$1 billion in revenue for the first time last year and recently began an [aggressive campaign to expand its fulfillment network](#).

The revamped network is designed to make Shopify more competitive with **Amazon**, the largest retailer in the world. Shopify sets itself apart from Amazon by allowing merchants to operate their own unique websites. Although the stock is down from its all-time high in August, shares are up 119% YTD.

Kinaxis

Kinaxis is having a tremendous year, with its stock up 53%. The company's supply chain management software helps its customers solve complex business problems.

The company's revenues have grown by 65% over the past four years. Still, some analysts are concerned that almost [50% of the company's quarterly revenue comes from its 10 largest clients](#).

Constellation Software

The stock price of Constellation Software, which creates made-to-order software for communications, finance, and manufacturing companies, has risen 51% so far this year.

In its latest quarterly earnings release, the company posted revenue of \$870 million, a growth of 15%

compared to last year. Net income increased 24% to \$82 million.

The company has recently completed a [number of acquisitions, most notably Salvia Développement SAS and MDS Global](#).

The worst tech stocks

Unfortunately, there are a few tech stocks that have been less kind to investors. **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)), **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)), and **Celestica Inc.** ([TSX:CLS](#))([NYSE:CLS](#)), have each fallen more than 10% this year.

Sierra Wireless

The share price of Sierra Wireless has plummeted 42% year to date. The wireless communications equipment designer and manufacturer recently adjusted their revenue guidance for the full year to the range of USD \$708 to \$712 million.

Sierra's gross margin for the third quarter fell to USD \$55 million, or 31.6% of revenue, compared to \$67.3 million, or 33.1% of revenue, in the third quarter of 2018.

BlackBerry

Six years ago, BlackBerry brought in a turn-around expert and shifted the company's focus from hardware to software. Despite this restructuring, massive layoffs, numerous acquisitions to boost revenue, and attempted landfall victories from lawsuits, BlackBerry has continued to disappoint investors, with its stock falling 25% year to date.

The stock decline has negatively affected **Fairfax Financial Holdings**, which owned 95 million shares at a net cost of \$12.30 per share on a fully converted basis at the end of last year. With BlackBerry stock trading at a share price of \$7.36 as of this writing, this drop represents a major loss for Fairfax.

Celestica

Similar to Kinaxis, Celestica designs and manufactures supply chain solutions. Unlike Kinaxis, however, Celestica is having a very bad year, down 11% YTD.

Although revenue for the third quarter topped the guidance range, revenue decreased 11% to \$1.52 billion. Much of the revenue decrease can be attributed to flat sales in the Advanced Technology Solutions (ATS) business, for which the company blames softness in the capital equipment business.

Since the loss of its biggest customer BlackBerry several years ago, the company has sought to diversify its revenue base and provide value-added products. In 2012, [BlackBerry accounted for 20% of Celestica's yearly sales](#).

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:BB (BlackBerry)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BB (BlackBerry)
5. TSX:CSU (Constellation Software Inc.)
6. TSX:KXS (Kinaxis Inc.)
7. TSX:SHOP (Shopify Inc.)
8. TSX:SW (Sierra Wireless)

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