

### The Growth Potential of This Company's Stock Is Off the Charts

### Description

The tech industry is Canada's fastest-growing economic sector and represents one of the most lucrative opportunities for long-term investments. With many markets and niches still left virtually untapped, this is one area where you can expect growth not to become stagnant anytime soon. Even investing giants like Warren Buffett are <u>warming up to the tech world</u>.

If you are looking to invest in tech stocks with massive growth potential, then consider adding names such as **Sierra Wireless** (<u>TSX:SW</u>)(<u>NASDAQ:SWIR</u>) to your investment portfolio. Read on to learn what makes Sierra Wireless stock so attractive right now.

## Sierra's potential

We are living in an increasingly interconnected world. The Internet of Things (IoT) is the trend of the day, with our cars, phones, and even fridges connected and communicating with each other. Right now, the IoT market is experiencing blazing growth; the total market value of the niche is going to be valued at \$690 billion by 2021, which is double what it was two years ago.

Wait, there is more! By 2026, it is predicted that the market value will snowball to a whopping \$3.9 trillion.

Now here is where the vast untapped potential of Sierra Wireless lies. It is one of the market leaders in R&D and development of modems and gateways that devices need to connect to the internet and each other.

Sierra Wireless's vast growth potential also has an automotive component. Future vehicles are likely to all have wireless connectivity features, and already, many leading car companies have signed agreements with Sierra Wireless to provide them with their embedded products.

Of course, 2019 hasn't been kind to the company, and its stock performance has been underwhelming. But many investors still see plenty of reasons for a turnaround.

Despite a poor quarter performance, the company is still on a solid financial footing, with a gross profit of \$264.58 million.

To offset competition, the company has recently revamped its business strategy to provide an integrated end-to-end IoT solution that combines hardware and software packages. According to Sierra's CEO, the company aims to double its recurring revenue to \$265 million in the next three years, with the majority of it being driven by its IoT solutions.

# Foolish takeaway

We can possibly expect Sierra's earnings growth to grow by double-digit percentages annually over the longer term. By 2021, Sierra's addressable market is expected to reach \$40 billion, a 10-fold increase from 2015, which was \$5.3 billion. This makes Sierra a solid stock bet, as right now, it is trading undervalued with a price/book of just 1.07.

Right now, Serra Wireless is trading at a favourable level, targeting an exponentially growing industry, and has real tangible prospects at growing its market share in this niche. default watermark

#### CATEGORY

- 1. Investing
- 2. Tech Stocks

#### **TICKERS GLOBAL**

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

#### **PARTNER-FEEDS**

- 1. Business Insider
- 2. Msn
- 3. Newscred
- 4. Sharewise
- 5. Yahoo CA

#### Category

- 1. Investing
- 2. Tech Stocks

#### Date

2025/07/01 **Date Created** 2019/11/30 Author adamothman

default watermark