



A Top Value Stock for 2020 to Double Your Money

Description

Vecima Networks ([TSX:VCM](#)) was founded in 1988 in Saskatoon, Saskatchewan. Today, Vecima has a global presence with offices in Vancouver, Atlanta, Tokyo, Amsterdam, London, and a manufacturing facility in Saskatoon. Vecima's corporate head office is located in Victoria, British Columbia.

The company has a price-to-book ratio of 1.26 and market capitalization of \$227 million. Debt is very sparingly used at Vecima, as evidenced by a debt-to-equity ratio of just 0.01. The company has average performance metrics with a return on equity of 1.87%.

Vecima is a global leader focused on [developing integrated hardware](#) and scalable software solutions for broadband access, content delivery, and telematics. The company enables the world's leading innovators to advance, connect, entertain, and analyze. Vecima builds technologies that transform content delivery and storage, enable high-capacity broadband network access, and streamline data analytics.

Vecima's business is organized into three segments: Video and Broadband Solutions (VBS), Content Delivery and Storage (CDS), and Telematics.

VBS includes [platforms and modules](#) that process data from the cable network and deliver it in formats suitable to be consumed on televisions and internet devices. Terrace and TerraceQAM are two key product families in this segment, which meet the needs of the Entera product family.

CDS includes solutions and software, under the MediaScaleX and ContentAgent brands, for industries and customers that focus on ingesting, producing, storing, delivering, and streaming video content for live linear, Video On Demand, network Digital Video Recorder, and time-shifted TV services.

Telematics provides fleet managers with the key information and analytics they require to optimally manage their mobile and fixed assets under the Contigo, Nero Global Tracking, and FleetLynx brands.

The company generated revenue of \$20.1 million and ended the recent quarter in a strong financial position with \$41.3 million in cash. Vecima achieved gross profit of \$10.5 million and a gross profit margin of 52%, as compared to gross profit of \$10.2 million and a gross profit margin of 49% last year.

Vecima declared a dividend of \$0.055 per share, which represents \$26 million returned to shareholders through regular dividends.

The North American cable industry continues to prepare for the transition to a new architecture:

Distributed

Access Architecture (DAA). Vecima's Entra family of DAA products has been moving successfully through lab trials.

The company anticipates initial sales of remote nodes and remote monitor products to commence in 2020. While initial sales are expected to be modest, momentum is expected to build, as additional customers move closer to deployment. Demand for legacy cable products is expected to continue to taper through 2020 as the industry evolves to the new technologies.

Overall, Vecima is extremely cheap and positioned well for industry leadership in the DAA market and the internet protocol video content delivery and storage space. With a strong balance sheet and very low leverage, the company is well positioned to pursue product strategies while also continuing to assess attractive acquisitions that provide significant accretion and provide rapid access to technologies and differentiating features that help drive growth and success.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

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

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/25

Date Created

2019/12/06

Author

nikhilwaterloo

default watermark