



3 Best-Performing Canadian Tech Stocks So Far This Month

Description

The month of December has started on a strong note for some Canadian tech investors who have already enjoyed some double-digit returns on some selected tech stocks during the very first week of the final month of the year.

Today's best-performers list includes one recommendation i made in September, which could still have some more juice for a momentum investment play, while the third-placed long-time outperformer may be a good hold due to valuation.

Let's have a look at the top three so far this month.

Tecsys outperforms

Supply chain management software vendor **Tecsys** ([TSX:TCS](#)) was the best-performing ticker with a one-week gain of 11.6%.

The company once again reported strong quarterly financial results for the second quarter of fiscal 2020 for the three months ended October 31, which were released on December 4.

Total revenue for the quarter grew 43% year over year, boosted by acquisitions and some double-digit organic growth, while the gross margins remained largely intact and the adjusted EBITDA margin grew to 14% of revenue, up from just 9% in a comparable quarter a year ago, as the company enjoyed significant operating leverage.

Operating costs have remained largely contained as revenue has grown, such that operating expenses as a percentage of revenue have declined from 48% of revenue last year to 42% of the top line during the most recent quarter, so profitability has significantly improved, and adjusted EBITDA shot up by 159% during the first six months as a result to support an 87% increase in net profits.

Tecsys's revenue is increasingly more and more recurring, as the company's business model moves from one-time licence purchases to more recurring, stable, and reliable software as a service (SaaS)

model. Recurring cloud, maintenance, and subscription revenue has grown by 44% during the first half of the year.

Investors will pay top dollar for increasingly profitable companies' stocks — more so if a company's earnings visibility is consistently improving with more stable recurring revenues and cash flows.

On a year-to-date basis, the company's share price has risen by a nice 53%, and shares are up nearly 24% [since my recommendation](#) in September.

Small Sangoma follows close behind

Small-cap tech stock **Sangoma Technologies** (TSXV:STC) is one other strong performer in 2019 with a strong 113% rally year to date after a nice 10.7% rise in the share price during the first week of December.

Sangoma is a Canadian provider of hardware and software components that enable internet protocol communications systems for telecom and data communications applications with sales largely to the United States market.

The company has reported 19 consecutive quarters of comparable quarterly revenue growth, the latest being the fiscal first quarter of 2020 results released last month, where sales were 31% higher than last year, and the gross margin expanded to 62% (from 58% last year) to enhance a strong 46% increase in operating earnings (EBITDA).

Such good progress is encouraging for an emerging tech giant, and there's ample room for growth ahead after a recent acquisition was closed in October, but you may want to explore this small-cap name further.

The mighty Shopify

Canadian online shopping platform giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) continues to impress with a consistent high-digit quarterly sales growth to new records, and investors were thrilled recently when the company's merchant count hit the one-million mark during the most recent quarter after a 70% compound annual growth rate from around 377,000 merchants exiting 2016.

Shopify's stock enjoyed an 8.5% share price increase during the first week of this month and has produced a market-beating 156% year-to-date investment, while management kept adjusting upward full-year earnings guidance.

CEO Tobias Lütke and his team continue to build a robust and unrivalled online shopping package that is just too perfect for rivals to match, and the company's platform recently became the first to roll out 3D and augmented reality capabilities for a better shopping experience.

I would continue to hold onto this name as the business matures.

CATEGORY

1. Investing

2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)
3. TSX:STC (Sangoma Technologies Corporation)
4. TSX:TCS (Tecsyst Inc.)

PARTNER-FEEDS

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

Category

1. Investing
2. Tech Stocks

Date

2025/07/19

Date Created

2019/12/09

Author

brianparadza

default watermark

default watermark