



TFSA Investors: 2 Top 2020 Canada Tech Stocks

Description

It's no secret that Canada's technology sector doesn't boast the punching power of its bigger sibling to the south. However, investors who have picked their spots will have found that Canadian tech stocks can be just as rewarding. Look no further than the [fortunes](#) that have been made through investments in recent Canadian tech stars like **Shopify** and **Kinaxis**.

The success of stocks like Shopify, or by contrast, the disappointment of stocks like **BlackBerry**, can often take eyeballs away from some of the other tech opportunities available on the **TSX**. Today I want to look at two technology stocks worth paying attention to in 2020 and beyond.

Real Matters

Real Matters ([TSX:REAL](#)) provides technology and network management solutions to the mortgage lending and insurance industries in Canada and the United States.

Its stock has soared 251% year over year as of close on February 18. This is an exciting technology stock to target right now, especially as the housing market enjoys a rebound in Canada and the United States.

The company released its first-quarter 2020 results on January 30. It reported net revenue growth of 87.1% compared to the prior year, and adjusted EBITDA growth of 41.2%, which blew away the 9% growth rate in the prior year.

Real Matters' cash balance improved to \$80.9 million compared to \$71.9 million as at September 30, 2019.

Similar to many explosive stocks in the tech sector, Real Matters boasts a sky-high price-to-earnings ratio. However, it also possesses an immaculate balance sheet.

The company is projecting strong earnings in the years to come and has continued a promising U.S. expansion with the launch of two Tier 1 lenders in U.S. Appraisal. Real Matters is hovering around a 52-

week high, but its momentum can carry it to new heights in 2020 and beyond.

Absolute Software

Earlier this month I'd provided a [beginner's guide for investing in cyber security](#). Vendors are flooding this lucrative market, but Canada has some promising companies that are operating in this space.

Absolute Software (TSX:ABT) is a Vancouver-based company that develops, markets, and provides cloud-based endpoint visibility and control platforms for the management and security of devices, applications, and data for enterprise and public sector organizations.

Shares of Absolute Software have climbed 19.9% year over year as of close on February 18. The company released its fiscal 2020 second quarter results on February 3.

Total revenue rose 6% year over year to \$25.8 million and adjusted EBITDA – pre IFRS 16 – increased 28% year over year to \$5.7 million. In the year-to-date period, net income more than doubled from \$3 million to \$6.2 million.

While Absolute Software is forecasting solid revenue and earnings growth, there are concerns surrounding its balance sheet. It last paid out a quarterly dividend of \$0.08 per share, which represents a 3.1% yield.

This is not well covered by earnings right now, so investors who crave that income will want to see some catch up in that area. Still, I love Absolute Software going forward in the enticing cyber security sector.

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2. TSX:REAL (Real Matters Inc.)

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