2 TSX Tech Stocks To Consider As the COVID-19 Rages On

Description

Most stocks have fallen off the cliff as the global economy is experiencing a slowdown. Some have taken major hits, to the tune of over 30%. And there are some companies who have managed to keep their stock prices from crashing too badly, meaning that they haven't crashed by more than 20%.

Morneau Shepell (TSX:MSI) is currently trading at $28.9, which is 19% below its 52-week high of $35.54. The company is a world leader and a major provider of technology-enabled HR services that deliver an integrated approach to employee well-being through its cloud-based platform. Morneau Shepell has a client base of around 24,000 organizations that use its services in 162 countries.

The company reported its 2019 financial results for the full year and the fourth quarter on March 11. Revenue increased by 23.3% to $247.5 million for the fourth quarter and adjusted EBITDA increased by 34.7% to $48 million.

For the full year, revenue increased by 23.1% to $888.9 million and adjusted EBITDA increased by 33.2% to $182.5 million.

This upswing is primarily because of revenue from the mid-year acquisition of Mercer's standalone, large market, health, and defined benefit pension plan administration business in the United States, and a full year of revenue from LifeWorks following its acquisition in 2018 as well as organic growth across the company's core lines of business.

As the world switches over to a work from home model in the wake of the coronavirus crisis, tech HR companies like Morneau Shepell will have an increasingly important role to play in the new world.

The average price target for Morneau is $38, almost 25% higher than its current price. Morneau Shepell also has a forward yield of 2.7%.

A Canada-based software player

Altus Group (TSX:AIF) is a leading provider of software, data solutions and independent advisory services to the global commercial real estate industry. The company reported its 2019 numbers for the fourth quarter and full year in February.

Consolidated revenues for the fourth quarter were $148.8 million, up 13.7%, and consolidated profit was $0.3 million, a $15 million improvement. For the full year, consolidated revenues were $567.4 million, up 11.2%, and consolidated profit was $18.2 million, up 198.7%.

Altus is focusing on the analytics part of its business. Revenues increased 10.1% to $202.0 million, and recurring revenues grew 18% to $153.6 million. Adjusted EBITDA was down 11.3% to $36.8 million, reflecting a higher mix of subscription revenues and higher development costs.

For 2020, management expects year-over-year revenue growth for full-year 2020 in Altus Analytics from both its ARGUS Software business as well as the data and appraisal management solutions.

Financial performance expectations for 2020 are consistent with management's aspirational long-term goal to achieve Altus Analytics revenues of $400 million for full-year 2023, with an associated Adjusted EBITDA margin at over 30%.

The company's Geomatics business unit will be spun off into a separate company, in combination with **WSP Global Inc.'s** geomatics focused business unit.

The transaction, which is subject to finalization of definitive documentation, is expected to close in the second quarter of 2020 and will be reflected as discontinued operations starting in the first quarter of 2020.

The company hit a 52-week high of $48.77 before the coronavirus took it down to its current levels of $42.65. It's a great stock to hold in times of turmoil.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

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