



1 TSX Tech Stock That Can Move Higher in 2020

Description

During these choppy markets, when a stock falls by 26% thanks to the pandemic and then rises back to its pre-pandemic levels, it makes sense to take a closer look at it. **Calian Group** ([TSX:CGY](#)) is a low-flying tech stock in Canada and trades on the TSX. It has been profitable for the last 17 years and has been paying a dividend for over 10 years.

The company operates in four segments. The advanced technologies segment provides tech services and solutions for space, communications, defence, nuclear, government, and agriculture sectors. The health segment is a network of over 1,800 professionals in the public and private sectors who deliver primary care and occupational health services.

The learning segment functions in the area of emergency management and consulting for the Canadian Armed Forces and clients in the defence, health, and energy sectors. The information technology segment works in the realm of complex IT and cybersecurity solutions.

Most of the areas and companies Calian works with have to function irrespective of a virus threat. That's what makes it a great stock and helped it rebound in a little over a month.

This TSX stock announced record Q2 results

Calian recently released [record numbers](#) for its second quarter of 2020. Three out of four segments posted higher revenues. Learning was the only one that declined due to delays in training exercised because of COVID-19. Revenues for the quarter ended March 31, 2020, were \$104.5 million — a 25% increase from the \$83.4 million in the same quarter of 2019.

EBITDA increased 55% from \$6.6 million in 2019 to \$10.2 million. Net profit was up 36% to \$5.3 million from \$3.9 million last year. This is the first quarter that Calian's revenues have gone over \$100 million and its seventh consecutive profitable quarter.

The company also repaid its credit facility of \$26 million and ended the quarter with \$33 million in cash and equivalents. It has stated that it will continue to maintain its \$60 million credit facility with the **Royal Bank of Canada**

Calian acquired health services companies including the Allphase Clinical Research Services and Alio Health Services in the quarter. Both companies operate in the pharmaceutical and medical device industry space — sectors that will benefit from the current scenario.

It also earned contracts worth \$140 million in the quarter that boosted its contract backlog. These included contracts for “the provision and installation of ground systems in the European market” in the advanced technologies segment and multiple contracts in the health space, as demand in this sector remains strong.

Calian hasn’t escaped unscathed. It has had a reduction of \$1.2 million in revenue in March due to the lockdown measures imposed by the government. The company expects the same measures to extend until early June and accounts for a revenue impact of between \$6 million to \$8 million in this fiscal year.

The Foolish takeaway

The company sports a forward dividend of 2.43%, which is not bad considering the numbers and steady growth it has maintained. Revenues for 2019 were \$343 million, and the company expects sales between \$380 million to \$410 million for this year. The stock might fall if the market enters choppy waters in the near term, but looking at its history, it might bounce back just as quickly. It makes for a good buy, even at current levels.

CATEGORY

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