1 Little-Known Canadian Growth Stock

## Description

The Canadian market is often brushed aside by retail investors for not having enough exciting growth stocks. Today, it is often said that there are only two growth stocks worth looking at: **Shopify** and **Lightspeed**. **Tecsys** (TSX:TCS) is here to flip that belief on its head.

Founded in 1983, Tecsys is a software as a service company which aims to optimize supply chain management. The company offers software, tools, and services that will allow its clients to scale their business accordingly. Tecsys is currently trusted by over 1,000 customers, including 600 mid-sized and Fortune 1,000 companies. Examples of larger clients include **Caterpillar**, **Columbia Sportswear**, **Honda**, and **Ubisoft**.

The company breaks down its business in two segments: software solutions and services. Much of its software offerings are dedicated to optimizing warehouse, distribution, transportation, and retail order management. Regarding its services business, Tecsys provides implementation, advisory, and support services as well as a few cloud services.

# A bit of due diligence

Tecsys first listed on the Toronto Stock Exchange in 1998 and has had a stagnant stock for much of that time. However, in 2013, the company started to see gradual growth. As of this writing, Tecsys has seen a 547% growth over the past seven years. Not quite a 100% gain of your initial investment every year but, when compared to the 23% growth by the S&P/TSX composite index over the same period, still very impressive.

There is no doubt that the stock is currently trading at a premium. Its forward price-to-earnings ratio is a 56, which is more modest than its trailing price-to-earnings ratio. Tecsys also has a price-to-sales and price-to-book ratio of 3.4 and 7.8, respectively. Financially, the company is fairly secure, as it has been growing revenue for each of the past four years and has over 13 times cash on hand compared to its short-term debts (due within the next year).

The company has a high amount of insider ownership. David Brereton, executive chairman, holds a

21% ownership stake while its CEO, Peter Brereton, accounts for 3% ownership. Additional insiders hold about a 1.5% ownership stake altogether. This indicates that there is a good amount of confidence in the company's ability to grow and perform in the future.

# Why invest now?

As mentioned previously, Tecsys was founded in the 1980s. A reasonable question would be, "If they haven't been able to grow the company over the past 35 years, why now?" The company has been in the business of providing reliable supply chain optimization services for its entirety. However, we are entering a time when companies are attempting to scale their enterprises at a faster rate than ever.

Many of them are not equipped to handle operations at the scale they want to grow to. Therefore, more and more businesses will turn to companies such as Tecsys. The company has been successful at attracting some large-cap companies, as mentioned previously. It is because of these facts that Tecsys seems like an intriguing investment opportunity.

# Foolish takeaway

Tecsys is an industry leader in the supply chain industry. Its management team has a wealth of experience and after decades of working quietly, it may be time for the company to shine. Tecsys stock has increased more than 500% over the past seven years, and we could still be in the middle of a very impressive growth story.

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