



This TSX Tech Stock Could Gain 25% in the Next Year

Description

The last time [I wrote about this stock](#), it had just declared its half-yearly results and was trading at \$17.51. It's been four months since then and the stock is now at \$11.22 thanks to the pandemic, and it has just declared its results for the full year ending April 30, 2020.

Evertz Technologies (TSX:ET) is a small-cap tech stock that operates in the hardware and software space for the broadcasting industry. It manufactures equipment that is found in broadcast stations on every continent, and their customer base telecoms, satellite, cable TV, and IPTV providers.

Trouble on the international front

Evertz released its full-year numbers and it has been less than impressive. Sales have taken a beating in the last two months of the fiscal year because projects are put on hold or getting canceled due to the pandemic. Sales for the 12 months ended April 30, 2020, were \$436.6 million compared to \$443.6 million in the same period last year, a decrease of 2%. Sales for Q4 of 2020 were \$92.2 million compared to \$107.2 million in the same period last year.

International sales in particular took a drubbing in Q4 bringing down numbers for the whole year. International sales for Q4 were \$33.5 million compared to \$43.7 million in 2019. Total international sales for the year were \$147.6 million compared to \$145.8 million last year.

The good and the bad for this TSX stock

Revenue for May continued to slump as well, although Evertz says that there's a lot of quotation activity and order intake. As sports leagues across the world begin to restart their business, Evertz will benefit as they often involve the company's solutions to take off and run.

Evertz says it has "strong international activity as well, too, with respect to live sports." It has a very strong customer base in basketball, baseball, football, soccer, European football.

As it starts a new financial year, Evertz has a combined purchase order backlog plus May shipments totalling \$110 million. It doesn't carry any debt on its books and has over \$75 million in cash and equivalents, ensuring that it meets working capital requirements.

While all of this is good, there is a potential spanner in the works. Recently, tennis superstar Novak Djokovic organized a tennis tournament, the Adria Tour in the middle of the pandemic. The tournament [was a train wreck, as multiple people](#) including the Djokovic and his wife tested positive for the coronavirus.

If similar events start to unfold across sports, Evertz will face massive challenges. It has stated, "...widespread customer shutdowns and travel restrictions and the postponement or cancellation of sporting events as well as other live events and various other related projects, will have an adverse effect on the company's revenue and financial results in the first quarter and potentially the second quarter of 2021."

The company declared a quarterly dividend of \$0.09, a cut of 50% — a good ploy to conserve cash. Analysts have given a price target of \$15.25 for Evertz, an upside of 26% from current levels. This could be a good bet for investors willing to risk a little.

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