



3 Top Canadian Tech Stocks to Buy Right Now

Description

Tech stocks delivered impressive returns in 2020. The structural shift toward e-commerce platforms amid the COVID-19 pandemic, working from anywhere, and distance learning provided a solid base for growth. While the easing of lockdown measures and vaccination is likely to normalize demand and could lead to a deceleration in growth, I believe a few **TSX**-listed tech companies could continue to deliver strong financial results and gain market share, thanks to the positive secular industry trends.

Here are four tech stocks that I believe could continue to outperform the benchmark index with their returns in 2021 and beyond.

Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) stock is up about 232% in three years. Its stock has more than doubled in one year. The company's stellar returns are backed by its resilient and high-growth business. Its annual recurring revenue (ARR), which is the indicator of its future recurring revenues, continues to grow at a healthy pace both on a sequential and year-over-year basis.

During the most recent quarter, Absolute Software's total ARR jumped 17% year over year, reflecting strength in both Enterprise & Government and Education verticals. I believe the [uptrend in Absolute Software](#) stock is likely to sustain, as increased spending on cybersecurity is likely to drive its revenues and margins in the coming years. The company projects a 12-14% growth in its revenues in 2021.

Its ARR remains strong, while its adjusted EBITDA is growing at a breakneck pace. Further, expansion of its client base, solid momentum in international business, and high net customer retention rate provide significant growth opportunities. Moreover, a large addressable market, cross-selling of platform, robust product pipeline, debt-free balance sheet, and channel and geographic expansion augurs well for growth.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has made investors very rich. While Shopify has delivered stellar returns over the past several years, the

[uptrend in its stock](#) is likely to sustain thanks to the favourable industry tailwinds.

Shopify continues to deliver strong financial results as the pace of shift towards digital commerce has accelerated. I believe the momentum in Shopify's business is likely to sustain on the back of an increase in e-commerce spending.

Shopify remains well positioned to capitalize on the growing demand for multi-channel commerce platforms. Its multiple sales channels are expected to drive its merchant base and, in turn, its gross merchandise volumes. A large addressable market, geographic expansion, new products and services, and a strong balance sheet are likely to drive Shopify's financial performance and, in turn, its stock.

Dye & Durham

Dye & Durham ([TSX:DND](#)) delivered exceptional returns since it listed on the TSX last year. I believe the uptrend in its stock could sustain in the coming years, thanks to its large customer base and accretive acquisitions.

Dye & Durham has over 25,000 customers, with none of them accounting for more than 25 of its total revenues. Its diversified customer base and long-term contracts with top clients positions it well to deliver stable revenues and adjusted EBITDA.

Dye & Durham completed 19 acquisitions since 2013. These acquisitions strengthen its customer base, expand its geographical reach and accelerate its sales and EBITDA growth rate. I believe the reopening of the economy is likely to drive demand for its products and services. Its robust M&A pipeline is likely to bolster its revenues and EBITDA growth rate and, in turn, drive its stock higher.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:ABST (Absolute Software)
3. TSX:DND (Dye & Durham Limited)
4. TSX:SHOP (Shopify Inc.)

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Author

snahata

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