



4 Top Canadian Tech Stocks to Buy Right Now

Description

Most of the Canadian tech stocks handily outperformed the benchmark index in 2020 and delivered outsized returns. Work from home, distance learning, cybersecurity threats, and structural shift toward e-commerce platforms provided a multi-year platform for growth.

Though the normalization in demand amid easing lockdown measures could lead to a slight deceleration in growth rate, I expect Canadian tech companies to continue to deliver superior returns in 2021, reflecting positive secular industry trends, product and geographic expansion, and innovation. Here are four **TSX** tech stocks that remain well-positioned to outperform the benchmark index by a wide margin.

Shopify

I expect **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) to [deliver impressive returns](#) in 2021, reflecting a continued shift toward the omnichannel platform. The company expects that easing lockdown measures will rotate back some of the consumer spending to offline services, resulting in normalization in demand.

However, the secular shift toward online commerce, its multi-channel sales platform, and investments to expand fulfillment network position it well to deliver robust financial numbers and push its stock higher.

Shopify is also expected to benefit from the growing adoption of its retail POS offering, growing merchant base, and international expansion. The e-commerce company continues to deliver robust sales growth. Meanwhile, improving operating leverage bodes well for growth.

Lightspeed

Like Shopify, **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is also expected to benefit from the shift in selling models and increased adoption of its multi-channel payment platform. Besides, product expansion, accretive acquisitions, and growing client base bode well for growth.

I expect Lightspeed's customer base to grow at a double-digit rate in 2021, benefitting from the secular industry trends and its recent acquisitions. Moreover, as an increased number of its customers are adopting more than one of its modules.

I expect Lightspeed's revenues to grow rapidly, driven by increased demand and strong momentum in its payment solutions business. Further, international expansion and opportunistic acquisitions are likely to accelerate its growth and [drive its stock higher](#).

Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) stock has delivered stellar returns over the past three years, and the uptrend is likely to sustain, reflecting higher spending on cybersecurity threats. Higher demand from the enterprise & government sector and its growing annual recurring revenue (ARR) provide a strong growth platform.

Thanks to the sustained demand, Absolute Software projects 12-14% growth in its top-line for 2021. Meanwhile, operating efficiencies, cross-selling, and a strong balance sheet are likely to support its financials. Moreover, geographic expansion, new customer additions, and a large addressable market are likely to drive its revenues, in turn, its stock.

Dye & Durham

Dye & Durham ([TSX:DND](#)) has consistently delivered robust sales and adjusted EBITDA growth on the back of sustained demand for its product and services and benefits from its accretive acquisitions. During the most recent quarter, Dye & Durham delivered 96% growth in its revenues and adjusted EBITDA. Meanwhile, it projects its adjusted EBITDA to more than double in FY21, while it expects it to jump over 150% in FY22.

While the company continues to deliver impressive financial numbers, its appetite for acquisitions, geographical expansion, and its diversified and large customer base is likely to accelerate its growth rate and support the rally in its stock.

CATEGORY

1. Coronavirus
2. Tech Stocks

TICKERS GLOBAL

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

5. TSX:LSPD (Lightspeed Commerce)
6. TSX:SHOP (Shopify Inc.)

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