



Up Nearly 200% Over the Past 7 Months, Can This Top TSX Stock Continue its Run?

## Description

**Dye & Durham** ([TSX:DND](#)) has been trading on the TSX for just over seven months, but the stock has already rewarded investors with gains of nearly 200%.

Can this stock continue its massive run?

## Dye & Durham

With key markets in Canada, the United Kingdom, and Australia, Dye & Durham provides cloud-based software and technology solutions designed to improve efficiency and increase productivity.

The company primarily serves the legal and business professions, and its customers include many well-known blue-chip firms. Dye & Durham provides critical information services and workflows, which clients use to manage their process, information, and regulatory requirements.

Dye & Durham boasts over 25,000 active customers, with no single customer accounting for more than [2% of its total revenues](#). This highly diversified customer base with long-term contracts and high retention rate helped the company recently deliver strong second-quarter results.

## Strong quarterly results

In announcing the company's recent [second-quarter results](#), CEO Matt Proud said, "The company's strong second quarter results reflect the successful execution of our business strategy over the period, highlighting our ability to achieve our stated goals. As we have an established platform and financial scale now in our key markets, the opportunities in our pipeline are becoming more sizeable as we look to acquire strategic vertical assets."

Compared to the same period last year, Dye & Durham generated revenues of \$33.7 million and adjusted EBITDA of \$17.1 million, representing growth of 96% for both.

Dye & Durham's decrease in net income (which totaled \$21.5 million), was attributable to its non-cash stock-based compensation expense of \$20.3 million.

The company's market capitalization increased by a whopping \$1.8 billion during the quarter. Currently, the market cap is nearly \$2.7 billion, with the stock trading at \$42.57 as of this writing.

## Aggressive acquisition strategy

As Proud noted, Dye & Durham has an aggressive acquisition strategy.

For the quarter, Dye & Durham spent approximately \$630 million on strategic acquisitions. The company finalized equity financings of approximately \$430 million and secured debt facilities of \$570 million.

Earlier this month, Dye & Durham entered an agreement to acquire GlobalX Information Pty Ltd. for approximately \$166 million. The deal is expected to close by June 30, 2021. GlobalX is one of Australia's most successful technology companies with operations across Australia and the United Kingdom. The company focuses on integrated services and software solutions for law firms, financial institutions, property planning professionals, and government bodies.

## The bottom line

Management at Dye & Durham forecasts that by June 30, 2022, adjusted EBITDA will grow to over \$200 million, and revenue will grow to approximately \$340 million. This projected growth translates to its adjusted EBITDA to more than double in FY21 and jump over 150% in FY22.

Certainly, shares of Dye & Durham have shown some volatility since they began trading on the TSX in the summer of 2020. However, if you can handle short-term volatility, consider Dye & Durham for its long-term potential growth.

With the company's impressive financial quarterly report, strong customer base, management's rosy outlook, and its continued acquisition strategy, Dye & Durham has definite long-term growth potential.

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## **Date**

2025/08/14

## **Date Created**

2021/02/25

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