



2 Underrated Tech Stocks for April 2021

Description

If you're a growth investor, you simply can't avoid tech stocks. The tech sector has perhaps created more wealth than any other industry in recent years. Alas, valuations are frothy now, and finding a good deal is as difficult as ever. But if you're willing to look below the radar, there are some underrated gems that are worth your attention.

Here are the top two underrated tech stocks for 2021.

Tech stock #1

Absolute Software (TSX:ABT)([NASDAQ:ABST](#)) is an [underrated tech stock](#) in an overlooked sector: cybersecurity. Companies like Absolute provide an essential service that's become much more critical over the past year. As companies go remote and employees start using personal devices to work, Absolute's endpoint security solutions should be invaluable.

However, the sector isn't as exciting as electric cars and rockets, so cybersecurity stocks are underrated. Meanwhile, Absolute trades at a forward EV/sales multiple of 4.3, much lower than the peer group average of 6.3. Keep an eye on this tech stock.

Tech stock #2

Dye & Durham ([TSX:DND](#)) had a blowout 2020, rallying by more than 200% to record highs of \$50 a share. However, in 2021, the stock has had a rough patch, tanking by more than 20% from its all-time highs. The slide has come at the backdrop of the broader tech industry coming under pressure.

While the stock is still trading with a frothy price-to-sales ratio of more than 30, it is still an exciting pick for investors eyeing exposure in the burgeoning cloud computing sector. In barely a year as a public company, Dye & Durham affirmed its position in providing cloud-based software and technology solutions.

The company has operations in North America and the United Kingdom. Operations are backed by a large customer base of over 25,000 legal firms. Most of its clients are in the financial services sector as

well as government organizations. In addition to organic growth, Dye & Durham has acquired and integrated numerous companies over the last six years to strengthen its prospects in the cloud service business.

Valuation and growth prospects

Dye & Durham is expected to deliver solid returns backed by steady growth in revenues and adjusted EBITDA. In the past, it has delivered robust numbers, reflecting strong momentum in its business and strategic acquisitions.

Geographical expansion at the back of an aggressive acquisition campaign should allow the company to deliver more than 100% growth in adjusted EBITDA over the next two years. While the stock is trading with a steep price-to-sales multiple of 15.2, revenue is expected to grow 161% to 171 million.

That said, Dye & Durham is still in the early stages of growth as a leading provider of cloud-based solutions. Given its strong industry performance, the stock is currently trading at a great discount with a reasonable price-to-book ratio of 4.9.

Dye & Durham is a pullback play for investors eyeing exposure in the burgeoning cloud computing business. The stock is trading at a discount relative to its growth metrics and improving industry fundamentals.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:DND (Dye & Durham Limited)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

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