



This \$12 Tech Stock Could Double by Next Year

Description

Some of the most successful tech stocks in the world have created multi-trillion-dollar fortunes based on digital advertising. The market for online influence is immense, and there are two companies that dominate the space, which makes it difficult for new entrants to gain market share.

However, some tech companies are taking a different approach. Canada-based **AcuityAds Holdings** (TSX:AT), for instance, provides digital marketing professionals the tools they need to navigate this immense market. Their illumin platform helps marketers boost conversion rates by building the customer's journey from ad to purchase on a visual portal.

AcuityAds stock delivered a stunning 4,000% return last year, as more marketing professionals adopted these tools during the pandemic. This year, the stock has pulled back significantly and is trading for less than half its all-time high. While the stock has been beaten up lately, it looks increasingly cheap at current levels based on its tremendous growth potential.

Here's a closer look at this intriguing tech stock.

Robust earnings

The company has carved a niche for itself as a one-stop solution for [omnichannel digital advertising](#). It offers solutions that help in planning buying and real-time intelligence in one place with proprietary artificial intelligence.

In the [first quarter](#), AcuityAds posted a 13.4% increase in revenue that came in at \$27.5 million. The increase was mostly driven by a new advertising automation platform and new emerging verticals such as pharmaceuticals technology. Adjusted EBITDA was up 151% to \$4.5 million.

AcuityAds prospects

The growth engine for AcuityAds is its use of artificial intelligence for digital advertising. The company claims to have a proprietary machine learning technology that should help advertisers analyze their data better and generate higher conversions from their ads across the web. Since the digital

advertising landscape is already hyper-competitive, it seems like it's only a matter of time before more marketers turn to these sophisticated tools to gain an edge.

However, the recent surge in Acuity's stock may have captured some of this growth potential. Despite the pullback, the stock is still trading 10 times higher than it was last year. This is a high-risk, high reward stock for long-term investors. After the recent pullback, the stock is currently trading at a price-to-sales multiple of six, which is far better than most tech stocks on the market right now.

The consensus price target of [\\$29.50](#) implies 140% upside from current levels. AcuityAds is well positioned to generate massive returns, as it continues to deploy advanced technologies in advertising.

Foolish takeaway

AcuityAds has secured a niche segment of the digital advertising industry. With its proprietary AI technology, the company could continue attracting marketing professionals from across the world. Meanwhile, the stock is fairly valued at current levels. Analysts have a \$29.5 price target for the stock that is currently trading at \$12 a share. In other words, there's plenty of upside for early investors.

CATEGORY

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