



Next Shopify (TSX:SHOP)! 2 TSX Tech Stocks That Could Be Superstars

Description

The TSX's information technology sector was the runaway winner in 2020. This year, tech stocks took longer to gather steam. However, the momentum is back, and the sector is now the fifth-best performer thus far in 2021 (+16.26%).

Shopify remains the top draw with its **Amazon**-like status. The \$230.27 billion e-commerce platform for merchants is also the largest publicly listed company in Canada's primary stock market index. Shopify's rise to fame since its IPO on May 15, 2015, is phenomenal. The tech stock's total return over the last six years is nearly 6,000%.

However, the TSX does not lack future tech superstars. **Descartes Systems Group** ([TSX:DSG](#))([NASDAQ:DSGX](#)) and **Enghouse Systems** ([TSX:ENGH](#)) are not in the e-commerce space like Shopify, although both stocks could deliver [massive gains](#) for years to come.

Connects trading partners

Descartes is a \$6.94 billion global provider of federated network and global logistics technology solutions. Its cloud-based logistics and supply chain management business process solutions enhance logistics-intensive companies' productivity, performance, and security.

The Waterloo-based firm provides a full range of logistic and network solutions that connects trading partners. Currently, the customer base in more than 160 countries is more than 20,000. Descartes's multi-modal and neutral logistics network is the largest in the world. Among its high-profile partners are **Home Depot**, **UPS**, and **Air Canada**.

At \$81.68 per share, the year-to-date gain is 10%. Market analysts recommend a buy rating, because they expect earnings to grow by nearly 20% annually over the next five years. Descartes is likely to achieve the growth target, given its focus on higher-margin service revenues.

The company pursues strategic acquisitions non-stop. It acquired three businesses last year during the pandemic. Furthermore, Descartes is a [growth stock](#) owing to its 222.2% (26.33% CAGR) total return

in the last five years.

Growth and income stock

Enghouse Systems isn't as popular as Shopify, but its total return of 2,439.56% (17.54% CAGR) over the last 20 years proves this tech stock is a top performer. At \$54.05 per share, the tech stock also pays a modest 1.19% dividend. The stock is on the buy list of analysts who forecast a 30% climb to \$70.

The \$3.03 billion company from Markham develops enterprise software solutions applicable in vertical markets. Because it specializes in enterprise resource planning (ERP) solutions for remote work, Enghouse enjoys a competitive change in the ongoing pandemic.

In the first half of fiscal 2021 (six months ended April 30, 2021), revenue and net income slid 6% and 4.3% versus the same period in fiscal 2020. Nonetheless, Enghouse continues to generate positive cash flows, operating income, and profitability.

The company also ended Q2 fiscal 2021 with \$169.6 million in cash, cash equivalents, and short-term investments. Apart from paying \$90.5 million in dividends during the quarter, Enghouse has zero long-term debt.

Would-be investors can expect the business to flourish if the work-from-home trend becomes permanent for employees. Dividend growth is a strong possibility following management's rare move to increase dividends in late 2020 and early 2021 amid the global pandemic.

Long growth runways

Shopify safely seats on the throne, although the premier tech stock is pricey. Descartes and Enghouse Systems deserve to be in investors' radars because the growth runways are very long. Both will be tech superstars in due time.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:DSG (The Descartes Systems Group Inc)
3. TSX:ENGH (Enghouse Systems Ltd.)

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