1 Obscure TSX Stock That Could Deliver a 100% Return on Investment

Description

An obscure technology stock is upstaging **TSX'**s tech giant in 2021. Its trailing one-year price return is 430.20% versus **Shopify's** 36.04%. Based on analysts' forecasts, **AcuityAds Holdings** (TSX:AT)(NASDAQ:ATY) could deliver 99.81% or a nearly 100% return on investment. The current share price of $10.71 could soar to $21.40 in the next 12 months.

Business overview

AcuityAds provides targeted digital advertising solutions powered or backed by machine learning technology. The solutions aim to help marketers advertise effectively and succeed in today's omnichannel ecosystem. Planning, buying, and real-time intelligence from one platform is what Illumin™, its journey automation technology, brings to the table.

The proprietary Artificial Intelligence of this $645.84 million company boasts unique programmatic capabilities to narrow the gap between advertising planning and execution. Advertisers will have control, minimize waste, and, more importantly, deliver the right message to consumers.

A trillion-dollar industry

According to adexchanger.com, the advertising industry has turned the corner due to the uncertainty brought by the global pandemic. It estimates advertising revenue in the U.S. alone to increase by 22% to US$279 this year. Digital advertising revenue, in particular, should grow quicker or around 33% in 2021.

Currently, digital ads account for 57% of all advertising in the United States. The latest estimate is that total ad revenue will grow to US$388 billion by 2026. AcuityAds CEO and co-founder Tal Hayek believe the ad industry will top a trillion dollars by 2027. He adds that programmatic will fuel exponential growth.

Management has concrete plans to drive growth. The primary focus is U.S. expansion. Hayek said that

AcuityAds wants to capture a significant share of ad dollars flowing to Connected TV. The company will likewise transition to self-service via its Illumin.

The CEO said "black box" buying is a thing of the past. It has been replaced by a real-time platform that focuses on the customer journey. AcuityAds graduated to the **TSX** in 2019 and was then listed on the **NASDAQ** in June 2021. Hayek also reveals that **Home Depot** and **Weight Watchers** are among its high-profile clients.

Impressive financial performance

AcuityAds' total revenue in Q1 2021 (three months ended March 31, 2021) grew 13.4% to $27.5 million year over year. However, the quarter's highlight was the 566% increase in net income versus Q1 2020. Meanwhile, total connected TV segment revenue posted approximately 987% growth. For Illumin, revenue rose more than 100%, sequentially.

Tal Hayek said, "Complementing our revenue growth, we also continued to generate strong cash flow and strengthened our balance sheet in the quarter. As we look to the second quarter, we expect revenue to accelerate ahead of pre-pandemic levels, growing over 50% on a year-over-year basis."

According to CFO Jonathan Pollack, the company has an even stronger balance sheet after its cash grew to a record $27 million and working capital climbed over $30 million. Pollack adds that the NASDAQ listing should broaden the investor base and enhance the brand image of AquityAds.

Altering the advertising landscape

AcuityAds is confident that Illumin will fundamentally alter the programmatic advertising landscape. Now is an excellent time to invest in this growth stock. The price has fallen to $10.71, a 25% discount year to date. Shopify and other popular tech names won't deliver massive gains like this obscure AI stock.

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