



Why Sylogist Stock Price Soared 10% Yesterday

Description

Sylogist ([TSX:SYZ](#)) provides software as a service (SaaS) enterprise resource planning (ERP), customer relationship management (CRM), education administration, and payment solutions to more than 1,500 public service organizations around the world. Its clients include K-12 school districts/boards, government agencies, nonprofit organizations, international non-governmental organizations, and public compliance-driven and funded companies.

The company was founded in 1993. The [tech stock](#) was listed on the **TSX Venture Exchange** in December 2002 and graduated to the **TSX** in March 2021.

What happened?

Sylogist stock reported its fiscal Q4 and 2021 results on December 13. As of market close yesterday, the tech stock appreciated close to 8%. Year over year, Q4 saw

- Revenue rising 10% to \$10.8 million, including desirable recurring revenue rising 22% to \$8.8 million;
- Gross profit increasing 15% to \$8.0 million, and the gross profit margin improving to 74% from 71%;
- Adjusted EBITDA growing 23% to \$4.8 million, and the adjusted EBITDA margin expanding to 44% from 40%; and
- Adjusted EBITDA per share jumping 25% to \$0.20.

So what?

Bill Wood, president and CEO of Sylogist, joined the company in November 2020. Fiscal 2021 was a transformative year, focusing on growth acceleration as an industry-leading, SaaS-only company. The company showed encouraging results in its early phase of investments — Q4 revenue and adjusted EBITDA climbed 15% and 30%, respectively, on a constant-currency basis.

The Q4 [press release](#) stated,

“Our transformation has been enabled by strategic investments in our customer-facing team, increasing product and R&D investment by 66%... Our sales and marketing investment is up over 200% from FY 2020... Those investments are already gaining traction; proof of which is underpinned by our recently announced material customer wins we’ve had totaling \$5.9 million in annual subscription and service revenue. Our M&A execution has also been highly successful and accretive. We have made three strategic acquisitions since March 2021, adding valuable IP, talent, and both top and bottom-line growth. With a \$75 million credit facility, we have the non-dilutive financial resources to maintain this cadence. The M&A pipeline is strong, and we continue to see compelling opportunities to redeploy our free cash flow.”

Sylogist appears to be poised for growth as it executes its strategy that aims for value creation. Even after the acquisitions this year, the company’s balance sheet remains healthy with \$29.6 million in cash and \$49 million in undrawn credit facility at the end of Q4.

Now what?

Four analysts have an average 12-month price target of \$16.44 for a near-term upside potential of 31%. The stock also yields 4%.

Sylogist is a turnaround story. The Sylogist stock price might just have hit the bottom in October 2021. Going forward, execution is key. Continued successful execution can lead to a steadily higher stock price over the next few years. Sylogist expects the U.S. infrastructure spending bill will significantly increase its market opportunity over the next two to three years.

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