



2 TSX Tech Stocks That May Double Earnings in 2022

Description

Canadian investors should expect these TSX tech stocks to return to strong share price growth as their earnings per share surge in 2022. After all, they didn't go anywhere in 2021. But 2022 could be their time to shine.

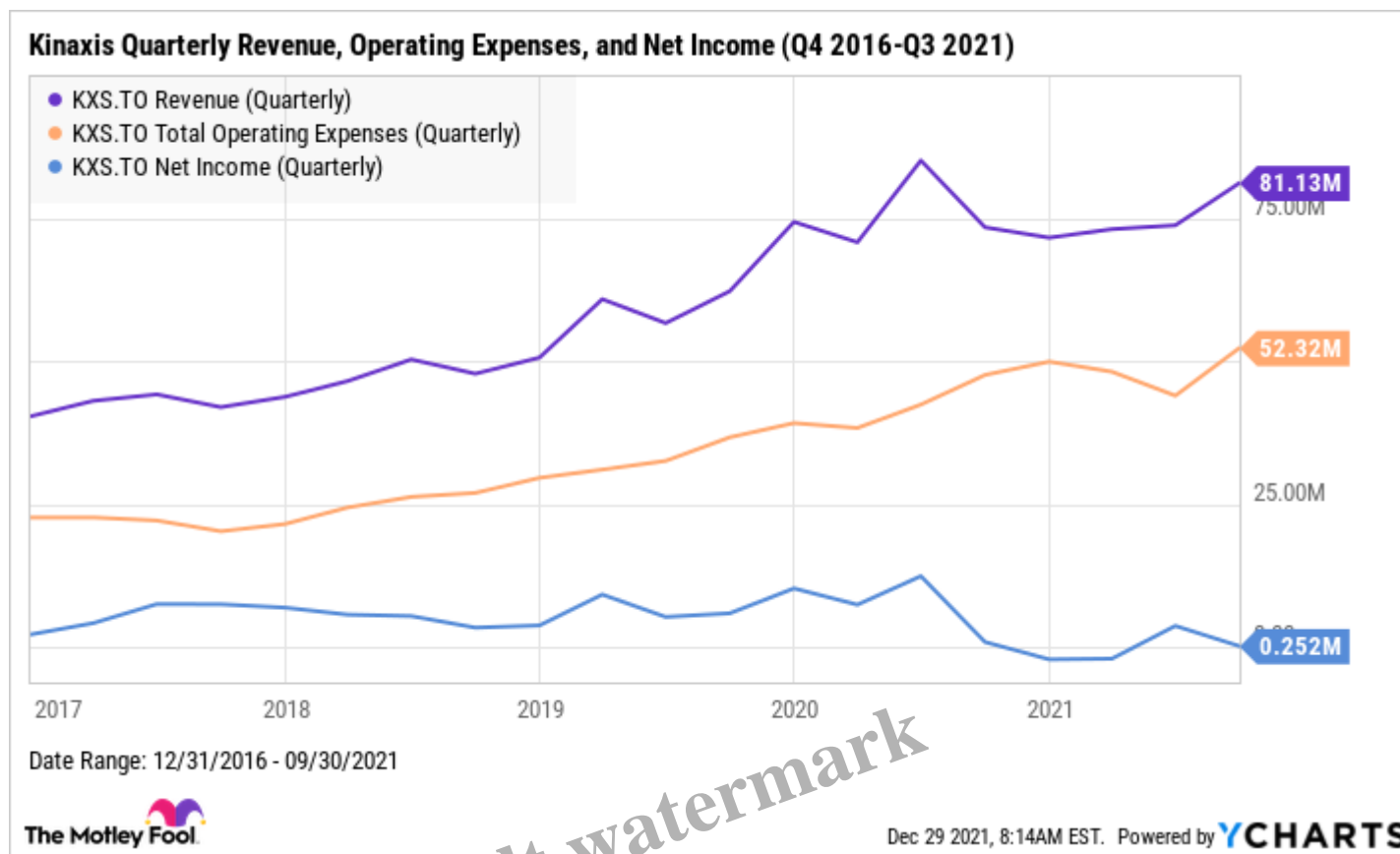
There were some significant disappointments in 2021, more so for TSX tech growth-stock investors as two major technology names, **Lightspeed Commerce** and **Nuvei** suffered severe short-seller attacks. However, such risks are common with [growth stock investing](#).

The great news today is that growth opportunities remain sound on **Dye & Durham** ([TSX:DND](#)) and **Kinaxis** ([TSX:KXS](#)), the two identified TSX tech names that could be well positioned to post impressive revenue growth and more than double their earnings in 2022.

TSX stocks could double earnings in 2022: Kinaxis (KXS)

Kinaxis stock traded largely sideways in 2021, but a year-to-date decline of 1.5% on KXS stock doesn't do justice to the fact that shares reached a new all-time high of \$229.98 per share in November.

After a strong 80% return in 2020, Kinaxis stock took a breather during the second half of 2020 when its operating costs surged while revenue growth slowed, and the company reported net losses for the first time in more than five years. Losses came as the supply chain management software provider made a strategic acquisition of AI-based demand planning software provider Rubikloud.



Kinaxis Reported Quarterly Losses for the First Time in 5 Years During the Second Half of 2020

[KXS Revenue, Operating Costs, and Net Income \(Quarterly\)](#) data by [YCharts](#)

Although Kinaxis took an earnings punch since the second half of 2020, its fortunes have been changing lately. Earnings could surge with growing revenue in 2022 as revenue growth outpaces operating costs.

Analysts estimate Kinaxis' revenue could grow by 27% to a new record of US\$315.4 million for 2022. That's not the best part.

The company's normalized net income could surge by 137% to a record US\$38.8 million for 2022, while free cash flow may grow by nearly 800% year over year to US\$49 million — another annual record.

Diluted normalized earnings per share for 2022 should expand by 139% year over year to \$1.39, the highest EPS reading since Kinaxis went public through an IPO in 2014.

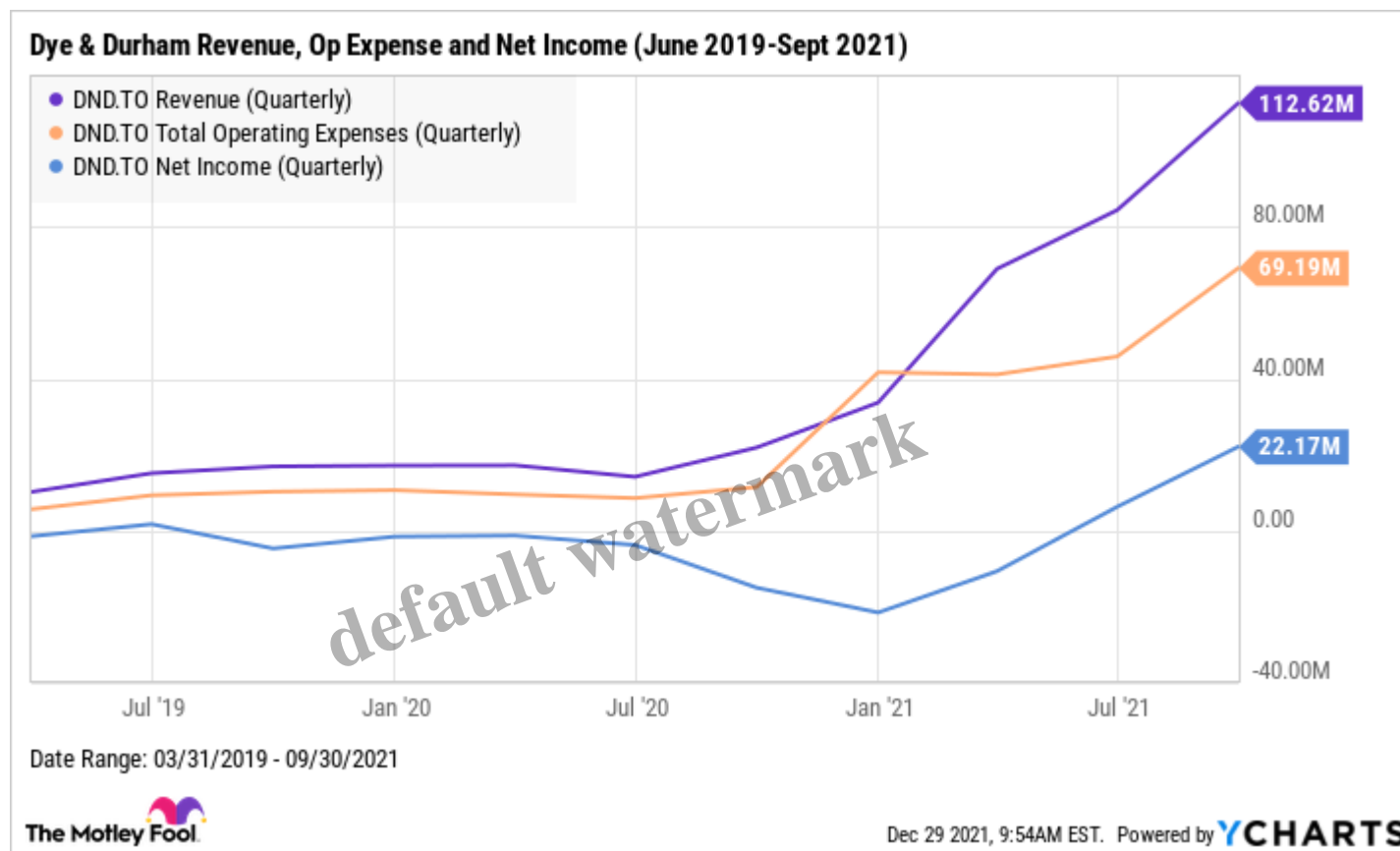
Investors may witness KXS stock return to growth as earnings explode and its fundamental metrics improve in 2022.

Dye & Durham ([TSX:DND](#)) stock could double its EPS

Dye & Durham ([TSX:DND](#)) provides legal and business professionals with a suite of cloud-based

software and technology solutions that improve efficiency and increase productivity. It offers real-time information and access to public records to clients in Canada, Australia, and the United Kingdom. Its customers include law firms, financial service institutions, and government organizations.

DND stock has largely traded sideways in 2021, with a year-to-date loss of 13.2% at the time of writing. But the company has been growing its revenue and earnings at impressive rates during the last 12 months.



Dye & Durham's ([TSX:DND](#)) strong revenue and earnings surge in 2021

[DND Revenue \(Quarterly\)](#) data by [YCharts](#)

Just recently, quarterly revenue reached \$112.6 million, up a staggering 414% year over year during the three months to September 30, 2021. Gross margins remained strong at 86.1%, and operating income surged by 247.5% to \$27.8 million for the quarter.

Analysts project a 55% growth in DND's revenue to over \$587 million during the calendar year 2022. DND stock's normalized earnings per share could surge by 103% to \$2.29 during the next 12 months. Projections see the company's net income margin expand to nearly 30%, up from a decent 17% for the calendar year 2021.

Basically, DND has grown aggressively through accretive acquisitions in 2021. These are set to continue in the next year.

In a recent announcement on December 22, Dye & Durham will acquire Australia-listed Link Group in a \$3.2 billion transaction. The [seemingly accretive](#) acquisition could close during the first half of the

calendar year 2022.

Post the Link Group acquisition, DND could become the fifth largest tech stock on the TSX by market capitalization.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:KXS (Kinaxis Inc.)

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