2 TSX Tech Stocks That Pack a Big Punch

Description

The **S&P/TSX Composite Index** lost an average of 1.86% in the last two trading days, and the 464-point drop on April 23, 2022, was its poorest showing in three months. It was a horrendous closing, with all 11 primary sectors in the red. As such, Canada's primary stock market exchange is back in negative territory, despite the energy sector's more than 40% year-to-date gain.

Central banks are battling soaring inflation, the worst enemy today. U.S. Federal Reserve Chairman Jerome Powell said, "It is appropriate in my view to be moving a little more quickly to raise interest rates." The Bank of Canada's second hike on April 13, 2022, was 50 basis points, but many economists expect a goliath increase come June 1, 2022.

Technology continues to be the worst-performing sector following news that aggressive rate hikes are next. Sector leader **Shopify** is down over 66% year to date. However, despite its bargain price, a recovery might take longer. Meanwhile, investors can set their sights on two tech names that pack a big punch.

Maxar Technologies (TSX:MAXR)(NYSE:MAXR) and **Evertz Technologies** (TSX:ET) outperform the tech phenomenon and are up 17.24% and 14.66%, respectively. Besides their steady performances and upside potential, both companies pay dividends.

Cash flow growth and margin expansion

Maxar Technologies provides comprehensive space solutions and secure, precise, geospatial intelligence. The $3.21 billion space technology company ended 2021 on a very positive note and looks forward to a better 2022. In Q4 2021, net income reached $71 million compared to the $40 million net loss in Q4 2020.

While full year net income dropped substantially, Maxar's earth intelligence products generated more than $100 million year over year. The adjusted EBITDA from the Earth Intelligence segment increased 22.46% to $130 million versus Q4 2020. For the Space Infrastructure segment, adjusted EBITDA increased 30.77%.

Maxar president and CEO Dan Jablonsky said, "As we look to 2022 and beyond, we remain focused on execution and on making investments across both Earth Intelligence and Space Infrastructure that we believe will position us well to continue to meet our customer's critical mission needs into the future."

Its CFO, Biggs Porter, said, "Looking ahead, we continue to see strong growth in revenue, adjusted EBITDA and cash flow over the next several years, and we remain focused on reducing debt and leverage." The tech stock trades at $43.81 per share and pays a 0.11% dividend.

Great run

Evertz Technologies is a cheaper option ($14.90 per share) but pays a generous 4.83%. The $1.14 billion company designs, manufactures, and markets video and audio infrastructure solutions for the television, telecommunications and new-media industries. It's popular for its Software Defined Video Network (SDVN) technology.

In the three quarters of fiscal 2022 (nine months ended January 31, 2022), revenue and net earnings increased 29.95% and 107.86% versus the same period in fiscal 2021. Evertz's customers generate additional revenue and reduce costs at the same time. The products are efficient in signal routing, distribution, monitoring, and content management.

Top-line growth

The rout of the technology sector has stalled the growth of many of its constituents. However, Maxar and Evertz are exceptions. Because top-line growth is on the horizon, both are buying opportunities in Q2 2022.

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