



3 Unstoppable Tech Stocks Investors Can Buy in May

Description

There are some stocks that provide a compelling risk-reward profile to investors at current valuations. However, there are just a few companies that have the potential to deliver exponential gains over the long term. Let's take a look at three such stocks you can buy right now.

Shopify

One of Canada's largest companies by market cap, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock is down 75% from all-time highs. Despite its steep decline, SHOP stock has returned 1,600% to investors since its IPO in 2015.

Shopify offers a portfolio of products and services necessary to sell products online. These include building a website, processing credit card payments, and more. The Canadian e-commerce giant has onboarded over two million merchants on its platform, allowing the company to generate US\$4.6 billion in sales last year.

Shopify generates sales from subscription revenue as well as merchant solutions. In 2021, over 70% of sales came from merchant solutions. Shopify confirmed its gross merchandise volume rose 47% to US\$175.4 million, allowing merchant solutions sales to grow by 62% in 2021.

Shopify is estimated to grow sales by 32% to \$7.7 billion in 2022, which suggests the stock is valued at 8.7 times forward sales. While the multiple might seem expensive, analysts expect Shopify stock to more than triple in the next 12 months.

Constellation Software

A company valued at \$44.5 billion by market cap, **Constellation Software** ([TSX:CSU](#)) has increased sales from \$3.06 billion in 2018 to \$5.1 million in 2021. In the last 10 years, CSU stock has returned a staggering 2,350% to investors, crushing the broader markets by a wide margin.

Constellation Software acquires, builds, and manages software businesses in Canada, the U.S., the U.K, and Europe. These industry-specific software businesses provide mission-critical software solutions to enterprises.

Analysts tracking the stock expect the company to increase sales by 20.5% to \$7.76 billion and by 16.7% to \$9.06 billion in 2023. So, the stock is valued at a price-to-2022-sales multiple of 5.7, which is still expensive.

However, Bay Street expects CSU shares to surge over 28% in the next 12 months.

Upstart

Shares of **Upstart** ([NASDAQ:UPST](#)) have fallen by a massive 81% from all-time highs, valuing the company at a market cap of US\$6 billion. Upstart is a disruptor and is on track to experience strong adoption at scale, making it one of the best contrarian buys right now.

Historically, banks and financial institutions use a handful of variables and the FICO credit score to determine the creditworthiness of individuals. However, while most people south of the border have not defaulted on their loans, less than 50% have a prime credit rating.

Upstart uses artificial intelligence to analyze 1,500 variables as well as more than 21 million repayment events to better calculate an individual's creditworthiness. Upstart aims to disrupt the credit-rating business and has partnered with several banks in the last few years.

Upstart increased sales by 264% year over year to US\$849 million in 2021. It also expanded profit margins rapidly, by reporting a net income of US\$135 million and free cash flow of US\$153 million. In 2022, Upstart forecasts sales of US\$1.4 billion, indicating a forward price-to-sales multiple of 4.3.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:UPST (Upstart Holdings Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/08/16

Date Created

2022/04/28

Author

araghunath

default watermark

default watermark