3 Attractively Valued Tech Stocks to Buy in 2022

Description

Tech stocks, especially the ones with decent growth histories, are usually too expensive for most value investors to touch. However, the sector doesn't always remain bullish, and most sector-wide growth spurts are followed by adequately matching (sometimes brutally disproportional) corrections. And that's the perfect time to buy tech stocks at relatively better valuations.

An electronics manufacturing company

In an era where most tech giants are software-related, people often forget that hardware companies like **Celestica** (TSX:CLS)(NYSE:CLS) are also part of the sector. This Toronto-based company has seen much better days, and, at its peak, the stock used to trade well above $100 per share. But it hasn't even hit $20 per share since 2005.

Celestica's market presence and its expertise are still worth betting on. It offers end-to-end product lifecycle solutions to various industries, and the diversity of its client portfolio offers it unique growth potential and financial safety.

From a valuation point of view, Celestica is currently one of the cheapest stocks in the tech sector. It's also slightly discounted (16%). But it may go down further, and waiting for it to reach its maximum depth might offer the best chance of robust growth in the long term.

A real estate tech company

Real Matters (TSX:REAL) has been heavily discounted for a while now. It started slumping after the 2020 peak and, so far, has fallen by about 85% from that peak. But now, the stock is very attractively valued as well, and the price-to-earnings ratio is at 11 right now, which is downright cheap from a tech sector perspective.

As a technology company in the real estate mortgage and insurance niche, it established a decently sized network of professionals. It has a presence in both Canada and the U.S., and with two markets, the potential for growth is quite substantial, but the company seems to have hit a block.

If it starts turning things around, preferably with the next earnings report, the stock may finally enter a long-awaited bullish phase.

An information management solutions company

Open Text (TSX:OTEX)(NASDAQ:OTEX) is one of the few dividend payers in the tech sector, and thanks to its sizeable discount, it's currently offering a decent enough yield (2.2%) to make the stock attractive from a dividend perspective. However, its primary forte is its capital-appreciation potential, which might become more enhanced if you buy at a discounted price and valuation.

The stock is currently trading at a 26% discount from its all-time high peak, and the price-to-earnings ratio is at 21, which may not have constituted an undervalued stock in most other sectors, but tech is an exception. Despite the current slump, the stock offers an impressive 10-year CAGR of 15%, and it's more than capable of growing your capital 2.5 times in the next decade.

Foolish takeaway

The three undervalued stocks offer promising return potential, though all three are different. Open Text offers a steady and fast-paced growth, while Real Matters and Celestica might soar at a rapid pace, given the right market conditions and circumstances.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:CLS (Celestica Inc.)
3. TSX:CLS (Celestica Inc.)
4. TSX:OTEX (Open Text Corporation)
5. TSX:REAL (Real Matters Inc.)

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