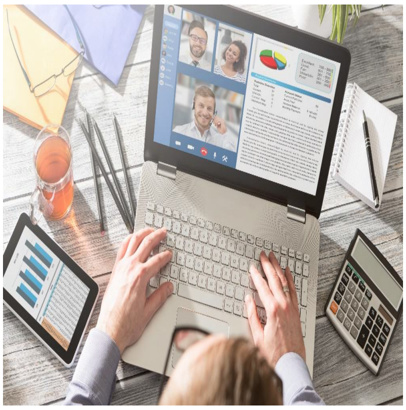

2 Top Tech Stocks Investors Should Consider Buying Right Now

Description

The ongoing selloff in the tech sector allows investors to buy companies at lower multiples. In the last six months, several tech stocks have fallen off a cliff and are trading at a discount. While higher interest rates and a sluggish macro-economy will act as headwinds for equity investors in 2022, it is impossible to time the market. Rather, every major correction should be viewed as a buying opportunity.

Let's look at two tech stocks that are set to increase long-term wealth for investors.

Sierra Wireless

Sierra Wireless (TSX:SW)(NASDAQ:SWIR) offers device-to-cloud Internet of Things (IoT) solutions in the Americas, Europe, Asia Pacific, Africa, and the Middle East. It operates in two business segments that include IoT Solutions and Enterprise Solutions.

Sierra Wireless reported revenue of $173 million — an increase of 60.1% year over year. Its improved performance was attributed to strong demand and realization of inventory investments. Despite a strong uptick in sales, Sierra Wireless's gross margins fell to 31.8% in Q1 compared to almost 35% in the year-ago period due to product mix, one-time expedited shipping costs, and obsolete inventory from its home security business.

Sierra Wireless stock surged higher after it reported stellar Q1 results, and the company is well positioned to deliver outsized gains, given it serves the IoT market, which is a rapidly expanding segment. For example, the 5G IoT market is forecast to touch US$40 billion by 2026 compared to US$2.6 billion in 2020.

Further, in order to offset supply chain shortages, the company has secured additional components while diversifying its manufacturing footprint.

Analysts expect sales to rise by 46% to $878 million in 2022 while adjusted earnings are forecast to rise to $1.18 per share compared to a loss of $1.04 per share in 2021.

We can see that Sierra Wireless is valued at less than 1.5 times forward sales and a price-to-earnings multiple of 23.3, which is quite reasonable.

Open Text

In the last 10 years, shares of **Open Text** (TSX:OTEX)(NASDAQ:OTEX) has returned 363% to investors. However, it's also down 29% from all-time highs, allowing you to buy the dip. Valued at a market cap of $13.11 billion, Open Text designs, develops, markets, and sells information management software and solutions.

In fiscal Q3 of 2022 (ended in March), Open Text reported revenue of US$882 million and adjusted EBITDA of US$284 million with a free cash flow of US$306 million. Its sales grew by 5.9% year over year on the back of strong cloud bookings and robust demand for its content, business network, security, and data protection services.

Its operating cash flow stood at US$323.6 million in Q3 and surged to over US$1 billion in the last 12 months, which is an increase of 19% year over year.

Open Text has estimated its total addressable market at US$92 billion, providing it with enough room to expand its top line going forward.

Analysts expect sales to rise by 6.6% to US$4.51 billion in fiscal 2022 and by 4.7% to US$4.72 billion in fiscal 2023. Comparatively, its earnings are forecast to rise at an annual rate of 11.4% in the next five years.

Open Text stock is valued at 8.4 times forward sales, which is very cheap given its earnings forecast. Analysts tracking the stock expect it to gain 100% in market value in the next 12 months.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NASDAQ:SWIR (Sierra Wireless)
3. TSX:OTEX (Open Text Corporation)
4. TSX:SW (Sierra Wireless)

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
2025/08/12
Date Created
2022/05/21
Author
araghunath