



Down But Not Out: 3 High-Growth Tech Stocks

Description

The technology sector (+2.36%) showed signs of life when it led nine of 11 advancers on May 27, 2022. While [tech stocks](#) remain deep in the red (-34.83%), two names are attracting investors' attention. Also, one obscure constituent deserves to be on your the watchlist.

Converge Technology Solutions ([TSX:CTS](#)), **Tecsys** ([TSX:TCS](#)), and **Lifeworks** ([TSX:LWRK](#)) are interesting high-growth prospects. All three had significant gains and finished strong last Friday.

Strong revenue growth and demand

Market analysts covering Converge Technology recommend a buy rating. They forecast a 68% price appreciation from \$7.95 to \$12.75 in 12 months. On May 27, 2022, the tech stock gained 6.03% versus **Shopify's** 4.58%. The bullish sentiment stems from the impressive financial results in Q1 2022.

In the three months ended March 31, 2022, organic gross revenue and net revenue increased 7.2% and 77% versus Q1 2021. Adjusted EBITDA and gross profit likewise increased 58% and 60.8%, respectively, year over year. Notably, booking backlog increased to around \$472 million.

This \$1.63 billion software-enabled IT & Cloud Solutions company focused on delivering industry-leading solutions and services globally. The solutions available to various industries include advanced analytics, application modernization, cloud, cybersecurity, digital infrastructure, and digital workplace offerings.

Shaun Maine, CEO of Converge, said, "Demand was extremely strong, as we generated approximately \$575 million in product orders from customers throughout Q1, combined with an improvement in the supply chain. Converge is poised for strong double-digit organic growth as the supply chain normalizes."

Rare gem

Despite the challenging global environment, Tecsys posted a 12th consecutive quarter of record revenue in Q3 fiscal 2022. The \$431.2 million company provides supply chain solutions that equip borderless enterprises for growth. Its aims to provide organizations with the software, technology, and expertise to achieve operational greatness.

In Q3 fiscal 2022 (quarter ended January 31, 2022), Software-as-a-Service (SaaS) revenue and annual recurring revenue went up 49% and 17% versus Q3 fiscal 2021. According to Mark Bentler, Tecsys's CFO, SaaS revenue is a key driver, given its 56% constant currency growth.

Its president and CEO, said, "Our pipeline continues to swell with new customer opportunities and as the pandemic seems to be finally fading away, Q4 is off to a strong start." The 12-month average price target of market analysts is \$54.71, or a return potential of 85%. Tecsys trades at \$29.61 per share and has a 0.95% dividend.

Generous dividend payer

Lifeworks is down 30.19% year to date but is due for a breakout very soon. The \$1.22 billion company from Toronto provides digital and in-person solutions globally for the total wellbeing of individuals. Management's goal is to make Lifeworks the world's trusted leader in providing mental health and wellbeing services to employees and their families.

According to its president and CEO Stephen Liptrap, the company is well-positioned to drive long-term growth. In Q1 2022, tech-enabled revenue and profit increased 4% and 38.1% versus Q1 2021. About 7.1 million lives are on Lifeworks's platform as of March 31, 2022. This tech stock trades at \$17.62 per share and pays a generous 4.73% dividend.

Imminent breakouts

Not all technology stocks are down and out in 2022. Converge, Tecsys, and Lifeworks are exciting prospects if you're looking for high growth. Their breakouts are imminent.

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