



## This 1 TSX Growth Stock Could Double Soon

### Description

A massive [tech sector](#)-wide crash has made most growth stocks on the **TSX** look cheap. However, it's not easy for new investors to pick a growth stock to invest in, as it requires a detailed analysis of a company's past financial performance and future growth outlook. In this article, I'll talk about one of the most attractive growth stocks you can buy on the TSX today, which has the potential to double or even triple in the near to medium term.

### The best TSX growth stock to buy now

**Dye & Durham** ([TSX: DND](#)) is a Toronto-based software firm with a market cap of about \$1.2 billion. The company primarily focuses on providing cloud-based software and technological solutions to enhance the productivity and efficiency of legal, financial, and business professionals. This TSX growth company also has been aggressively expanding its global market reach and customer base by new acquisitions.

Based on its fiscal year 2021 (ended in June 2021) sales, Dye & Durham made nearly 61% of its total revenue from its home market, while the United Kingdom and Australia accounted for the remaining 20% and 11%, respectively. In 2022 so far, DND stock has dived by 61.3% to \$17.35 per share, underperforming the broader market by a huge margin. By comparison, the TSX Composite benchmark currently trades with about 5% year-to-date losses.

### Analyzing its financial growth trends

After the global pandemic accelerated the shift to digital commerce and encouraged remote work culture, more business professionals than ever have started showing interest in Dye & Durham's innovative software solutions as it helps them integrate workflows into one easy-to-use platform. As a result, the company reported an outstanding 219% YoY (year-over-year) jump in its sales to \$209 million in its fiscal year 2021, exceeding analysts' estimate of around \$201.2 million. During the fiscal year, Dye & Durham's adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) also increased by 217% YoY to around \$ 116.4 million with an outstanding margin of

55.7%.

While the company hasn't yet reported its June 2022 quarter results, its strong financial growth trends continued in the March quarter. In the third quarter of its fiscal year 2022, Dye & Durham's total sales [rose](#) by 78.3% YoY to \$122.9 million with the help of increased revenue from its acquisitions in the previous 12 months. Similarly, its adjusted quarterly EBITDA rose by 77.6% YoY to \$66.8 million.

## Strong growth outlook

Based on consistently surging demand for its software offerings, Dye & Durham's recent sales growth trends could be just the start of its robust long-term growth story. This could be one of the key reasons why Street analysts expect its total revenue in the ongoing fiscal year to rise by around 130% over the previous year. Moreover, the company is continuing to focus on new quality acquisitions, which could help it accelerate its growth further in the coming years.

Given all these factors, this TSX growth stocks look highly undervalued when it's down more than 60% year to date; it has the potential to recover sharply in the coming quarters.

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### Date

2025/08/04

### Date Created

2022/08/21

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