3 TSX Tech Stocks That Could Soar

Description

Some rumblings in the tech sector last week warrant a closer look. The technology sector showed its weakness against interest rate uncertainty, falling 3.3% to close the week. **Shopify** (-6.91%) and crypto mining company **Hut 8 Mining Corp.** (-14.04%) pulled the sector down with their significant percentage declines.

Only **Evertz Technologies** (TSX:ET) and **Sierra Wireless** (TSX:SW)(NYSE:SWIR) advanced on Friday to preserve their gains in 2022. The former is up 13.2% year to date, while the latter is the sector's top performer rising 80%. Investors should include both plus another steady performer, **Absolute Software** (TSX:ABST)(NASDAQ: ABST) on their watchlists. The three tech stocks could soar anytime soon.

Niche industry

Evertz Technologies, the leader in Software Defined Video Network (SDVN), announced impressive earnings results in fiscal 2022. In the 12 months ended April 30, 2022, the $1.1 billion company reported revenue and net earnings growth of 29% and 73.2%, respectively, versus fiscal 2021.

Management believes the company is an essential service provider in a niche industry – television, telecommunications, and new media industries. While there was significant improvement in business performance since Q1 2022, the situation remains fluid due to the pandemic.

Evertz is the top-of-mind choice of customers in the broadcast and film industries. The company delivers complete end-to-end broadcast solutions for all aspects of broadcast production. Telcos, satellite, cable TV, and IPTV providers form the customer base.

The reach is global in that nearly all major broadcast facilities on every continent avail of Evertz's products and cutting-edge solutions. This tech stock is also a rare gem because it pays dividends. At $14.51 per share, you can partake of the generous 4.96% dividend.

IoT and enterprise solutions

Sierra Wireless is a revelation amid the beating of the tech sector in 2022. At $40.15 per share, the trailing one-year price return is 106.2%. The share price is likely to climb further as the company returns to profitability. In Q2 2022, net earnings reached US$11.7 million compared to the US$9.9 million net loss in Q2 2021. The top line or revenue increased 55% year over year to US$187.9 million.

This $1.6 billion company derives revenue from two core business segments, namely Internet-of-Things (IoT) and Enterprise. The revenue of the first segment grew 54.7% from last year due to the strong demand for connected devices globally. Meanwhile, the strong demand for routers in Sierra's key industrial and public safety verticals was behind Enterprise Solutions' 13.6% revenue growth.

Cyber resilience

Absolute Software has visible growth potential owing to the ever-growing demand for self-healing endpoint and secure access solutions, and escalating threats of cyberattacks. The $679.8 million company has a platform that offers permanent digital connection to endpoints, applications, and network connections. It enables customers to strengthen cyber resilience.

Despite the US$6.5 million net loss in Q2 2022, the stock's performance remains steady. At $13.32 per share, investors are up 14.8% year to date on top of the decent 2.33% dividend. The encouraging sign to hold Absolute Software is the 68% year-over-year growth in annual recurring revenue (ARR).

Potential tech winners

Evertz Technologies, Sierra Wireless, and Absolute Software are potential tech winners in 2022. The respective businesses are thriving compared to struggling e-commerce companies.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:ET (Evertz Technologies Limited)
3. TSX:SW (Sierra Wireless)

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Date
2025/06/28
Date Created
2022/08/22
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