



This 1 Canadian Growth Stock Could Double by Next Labour Day

Description

The Canadian stock market has been highly volatile lately, as macroeconomic uncertainties continue to keep investors on their toes. These uncertainties have triggered a sharp selloff in high-growth stocks, making some fundamentally strong stocks look really cheap, especially in the [tech sector](#). On this Labour Day, I'll talk about one of the best growth stocks from the tech sector investors can buy in Canada right now. It has the potential to double in value by the next Labour Day after its recent price correction. Let me explain why.

Dye & Durham stock

Dye & Durham ([TSX: DND](#)) is a Toronto-headquartered tech company with a [market cap](#) of \$957 million. After consistently falling for the last three consecutive months, this Canadian growth stock currently trades with 69.2% year-to-date losses at \$13.84 per share. This tech company primarily focuses on providing cloud-based software solutions to legal and business professionals across the globe. Its real estate platform simplifies the mortgage process by integrating various aspects like payments, payout and discharge, and instruction.

Last year, Dye & Durham generated nearly 61% of its total revenue from its home market, while the remaining 28% and 11% came from the United Kingdom and Australia, respectively.

Why has DND stock fallen in 2022?

DND stock's recent losses could be attributed to multiple external factors, including the recent tech sector-wide crash and the challenging real estate market. As high inflation has forced central banks in Canada and the United States to rapidly increase interest rates, investors continue to flee riskier assets, including high-growth [tech stocks](#).

Nonetheless, Dye & Durham's top-line growth trend has been impressive, despite growing real estate market challenges in the last few quarters. After rising by about 339% (year over year) YoY in the previous three quarters combined, its total revenue [rose](#) by 78.3% YoY in the third quarter of its fiscal

year 2022 (ended in March) to \$122.9 million.

Its recent acquisitions have played a big role in helping the company maintain its strong sales growth trend in the last year. This was also one of the key factors why its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) jumped by 77.6% YoY to \$66.8 million in the March quarter.

Strong fundamental outlook

Despite the ongoing real estate market downturn, the long-term financial growth outlook for Dye & Durham with consistently rising demand for its automated software solutions in the post-pandemic world. In January, the company introduced a new subscription revenue model to improve the retention of its conveyancing workflow software customers. This model already started gaining popularity among its customers right after its launch, and Dye & Durham's management expects its subscription-based customer base to increase significantly in the coming quarters.

Meanwhile, Dye & Durham continues to execute its strategy of making quality acquisitions. The company remains on track to acquire the Australian superannuation administration industry-focused firm **Link Administration Holdings** after Link's shareholders recently voted in favour of DND's acquisition proposal. This deal will likely help Dye & Durham accelerate its financial growth further in the coming quarters, which could trigger a sharp recovery in its stock.

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Author

jparashar

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