



## 2 Fallen Tech Stocks That Could See a Resurgence Very Soon

### Description

Tech stocks were the top [investment choices](#) in the pandemic era, but many lost their appeal in the high-inflation environment in 2022. The majority of the constituents, including **Shopify**, are deep in the red. Collectively, the group is losing by 39.81% so far this year.

However, a pair of fallen [tech stocks](#) could climb out of the pothole and see a resurgence very soon. The financial profile of **Nuvei** ([TSX:NVEI](#)) ([NASDAQ:NVEI](#)) is improving, while **Tecsys** ([TSX:TCS](#)) believes it's in the right market position to deliver shareholder value.

### Resilient and durable business model

Nuvei trades at a bargain (-49% year to date), although it shouldn't for long. The \$5.9 billion payment platform is confident about accelerating the business in the second half of 2022. In the six months ended June 30, 2022, total volume and revenue increased 40% and 30% versus the same period in 2021.

According to management, the 31.6% year-over-year drop in net income to US\$35.1 million was due to the US\$60.8 million increase in share-based payments to employees. Notably, free cash flow (FCF) increased 22% to US\$163.3 million compared to the same period in 2021. In the second quarter (Q2) 2022, the 44% increase in total volume exceeded expectations.

Its chairman and chief executive officer (CEO), Philip Fayer, said the strong revenue growth, cash generation, and solid balance sheet continue to enhance Nuvei's financial profile. Fayer added that the ongoing concern is to grow, scale, and position Nuvei for a sustainable future. The goal to achieve US\$1 billion in annual revenue.

Fayer strongly believes that the goal is doable, given the resilient and durable business model plus the ongoing investments in people, technologies, and geographies. However, greater currency headwinds, lower volume in digital assets and cryptocurrencies, and impact of high inflation and interest rates on consumer spending are major obstacles.

Market analysts covering Nuvei are bullish and recommend a buy rating. Their 12-month average price target is \$87.54, or a 109.3% appreciation from the current share price of \$41.82.

## Ripe for transformation

Tecsys, a \$416.32 million supply chain Software-as-a-Service (SaaS) company, continues to capitalize on the evolving market opportunities. In Q1 fiscal 2023 (three months ended July 31, 2022), SaaS revenue grew 42% to \$8 million versus Q1 fiscal 2022. Its president and CEO Peter Brereton was pleased with the very strong start to fiscal 2023.

Brereton said, "Supply chain organizations around the world have been facing tough challenges when it comes to consumer expectations, labour shortages and legacy software unable to manage modern fulfillment complexity." He added that the top-line growth serves as a testament that Tecsys's SaaS solution suite is well suited to the demands of a market ripe for transformation.

The CEO said further, "With supply chain gaining so much mindshare as a strategic lever in organizations, we are seeing demand signals and buyer intent for more robust supply chain software." At \$28.58 per share, Tecsys underperforms year to date (-45.45%). You can partake of the 0.98% dividend while waiting for the breakout.

## Buying opportunities

Nuvei and Tecsys are buying opportunities if you want exposure to and anticipate a rebound of the tech sector. Your investment and patience should pay off handsomely from the stocks' resurgence.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:NVEI (Nuvei Corporation)
3. TSX:TCS (Tecsys Inc.)

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