



## 2 Tech Stocks That Could Rise Faster With Easing Inflation

### Description

The TSX closed last week with a 2.75% loss. The underperforming tech sector (-0.23%) declined the least among the 11 primary sectors during Friday's [selloff](#). **Dye & Durham** ([TSX:DND](#)) and **Converge Technology Solutions** ([TSX:CTS](#)), however, were not part of the market rout.

Instead, the two [tech stocks](#) advanced 4.98% and 1.84%, respectively. The signs are obvious that both could rise faster if inflation pressures continue to ease.

### High growth and high margins

Dye & Durham provides cloud-based, workflow software for legal and business professionals. Management boasts a high-growth, high-margin business from its software and technology that help customers manage and grow their business. The solutions this \$874.8 million company provides include real estate & practice management, data insights & due diligence, and payments infrastructure.

Besides Canada, Dye & Durham operates in Australia, Ireland, and the United Kingdom. Currently, it has over 60,000 customers globally. The successful integration of 11 acquisitions in the last two years was largely the reason for the company's significant growth.

In the third quarter (Q3) 2022 (three months ended March 31, 2022), revenue grew 78% versus Q3 2021 due to increased revenue from acquisitions and realized synergies. Matt Proud, Dye & Durham's chief executive officer (CEO), said, "We had a very strong quarter, despite challenging real estate market conditions."

Proud added, "We're investing significantly in our technology platform to continue to provide enhanced value to our customers." Management has yet to report its Q4 and full-year 2022 results, although it expects year-over-year revenue growth to be 53% and 127%, respectively.

Dye & Durham decided against acquiring Link Administration Holdings Ltd. after the Australian firm rejected its proposed changes to the takeover agreement. Nevertheless, the failed deal will not dim the company's growth prospects. The tech stock trades at \$12.66 per share (-71.75% year to date) and

pays a modest 0.68% dividend.

## Record financial results

Converge Technology announced an agreement to acquire Stone Technologies Group in the United Kingdom. The target acquisition is a trusted provider of Circular IT solutions for education institutions, and public and private sector organizations. While the deal is subject to conditions, including regulatory approvals, Converge expects to close the transaction in Q4 2022.

The \$1.31 billion software-enabled IT and cloud solutions provider recently acquired Newcomp Analytics, an analytics-centered organization that focuses on businesses transformation and growth in today's digital world. Advanced analytics, application modernization, cloud platforms, cybersecurity, and digital infrastructure are its top global solutions.

In the first half of 2022 (six months ended June 30, 2022), management reported impressive financial results. Net revenues and net income climbed 75% and 98% from a year ago. Adjusted net income grew 100% year over year to \$52.41 million. Shaun Maine, Converge's CEO, said, "We continue to report record financial results."

Maine said further, "Despite the macroeconomic challenges faced in the consumer market, business demand for digital transformation and hybrid IT solutions remains robust." He added that the deep technical skills of Converge in analytics, cybersecurity, cloud, and managed services remain scarce, notably in the mid-market.

Converge is a bargain at \$6.10 per share (-43.88% year to date). However, market analysts recommend a buy rating and see a 73.77% return potential in one year.

## Faster recovery

Dye & Durham and Converge Technology are in the red year to date, but both should recover faster with the downward trend of inflation.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:CTS (Converge Technology Solutions)
2. TSX:DND (Dye & Durham Limited)

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#### **Date**

2025/06/29

#### **Date Created**

2022/09/27

#### **Author**

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