



## 3 Best Tech Stocks in Canada to Buy in November 2022

### Description

Canadian tech stocks have experienced a massive selloff in the first 10 months of 2022. But these companies are now trading at attractive multiples and depressed valuations, making them top contrarian bets right now.

Bear markets offer investors an opportunity to build generational wealth by identifying growth stocks that are well positioned to deliver outsized gains. Here, I have identified three such [Canadian tech stocks](#) investors can buy in November 2022.

### Shopify

One of the largest companies on the TSX, **Shopify** ([TSX:SHOP](#)) is down 78% from all-time highs. The Canadian e-commerce giant has burnt significant investor wealth year to date, as investors were concerned over the company's steep valuation, decelerating revenue growth, and a challenging macro-environment.

However, in the September quarter, Shopify surprised Wall Street, as it beat revenue estimates by US\$30 million to report sales of US\$1.37 billion, an increase of 22% year over year. Its adjusted net loss narrowed to US\$30 million, or US\$0.02 per share, compared to consensus estimates of a loss of US\$0.05 per share in the third quarter.

Shopify has successfully widened its ecosystem over the years to provide a broad range of solutions across payment processing, order fulfillment, and digital marketing verticals, allowing the company to increase sales from US\$1.07 billion in 2018 to US\$4.61 billion in 2021.

Analysts remain bullish on SHOP stock and expect it to more than double in the next year.

### Lightspeed Commerce

A company operating in the fintech space, **Lightspeed Commerce** ([TSX:LSPD](#)) shares are down 84%

from record highs, valuing it at [a market cap](#) of \$3.88 billion. In recent years, Lightspeed has driven top-line growth via multiple accretive acquisitions, allowing it to report sales of US\$548.37 million in fiscal 2022 compared to US\$77.45 million in fiscal 2019 (ended in March).

Similar to several other growth stocks, Lightspeed remains unprofitable. Analysts expect its adjusted loss per share to narrow to US\$0.37 in fiscal 2023 from a loss of US\$0.48 per share in fiscal 2022. Further, its sales are forecast to surpass US\$1 billion this fiscal year, indicating revenue growth of 44%.

Given average price target estimates, LSPD stock is trading at a discount of over 80% right now.

## Open Text

The final Canadian tech stock in my list is **Open Text** ([TSX:OTEX](#)), a cloud-based company that operates in the information management market valued at US\$92 billion. In fiscal 2022 (ended in June), Open Text sales stood at US\$3.5 billion, an increase of 3.2% year over year. Its cloud revenue rose 9.1% to \$1.5 billion, which was the sixth consecutive quarter of organic growth for this business.

Annual recurring revenue stood at US\$2.9 billion, accounting for 82% of total sales, while enterprise cloud bookings surpassed US\$460 million at the end of fiscal 2022. Down 43% from record levels, OTEX stock currently offers investors a tasty dividend yield of 3.3%.

Its free cash flow rose over 9% to US\$889 million in fiscal 2022, accounting for 25% of sales. An expanding free cash flow will allow Open Text to increase its dividend in the future. In nine years, these payouts have risen by 14% annually.

Valued at less than two times forward sales and 6.5 times forward earnings, OTEX stock is extremely cheap. Analysts tracking the company expect its shares to surge over 150% in the next 12 months.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:OTEX (Open Text Corporation)
6. TSX:SHOP (Shopify Inc.)

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## Date

2025/08/12

## Date Created

2022/11/05

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