



## Are These 3 Depressed Tech Companies Set to Soar?

### Description

Over the years, there have been hundreds of successful companies that have been on the cutting edge of new technology. These companies collectively made trillions for their investors, especially ones who got in early.

Unfortunately for investors, there have been many more tech companies that were more sizzle than substance. Everybody remembers the days of dot-com mania, but most of the last two decades are littered with the corpses of the next big idea. Of course, most companies don't go bankrupt. They either enjoy some limited success or spend time in a form of stock market purgatory. They don't succeed, they don't fail, they just sort of... exist.

How can investors protect themselves from investing in one of the failures? I wish it were easy, but it isn't. There have been many smart investors sucked into the latest sexy technology story, only to have it end in tears. All investors can do is research the commercial viability of the idea, examine the quality of a company's balance sheet, and spread their cash around to several different ideas, rather than plunking it all down on one.

These three technology stocks each have the potential for home run returns. I'm fairly certain all of them won't be huge winners, but investors who spread some money around to all three will be satisfied.

### 1. Westport Innovations

**Westport Innovations** (TSX: WPT)([NASDAQ: WPRT](#)) is the leader in natural gas engines. The company sells a kit to convert normal gasoline engines as well as brand new natural gas engines, which are used primarily by the trucking industry. Natural gas is cheaper than gasoline, so much so that an investment in natural gas engines will often pay for itself in just three or four years for a big trucking company.

There's still plenty of room for the company to grow. It has managed to convert nearly 3% of big trucks to natural gas — not a small feat if you consider just how many trucks are on the road — which gives it plenty of potential going forward.

Sure, the company isn't profitable, but it's projected to more than double sales by the end of 2015 and cut losses substantially. It's sitting on nearly \$200 million in cash, and not a whole lot of debt. The company is positioned well going forward; now all it needs to do is execute.

## 2. BlackBerry

Somewhat surprisingly, the key to **BlackBerry's** ([TSX: BB](#))(NASDAQ: BBRY) success isn't smartphones. Barring a minor miracle, the company will never be a huge player in that market again.

However, that doesn't mean there isn't a future in making phones. They continue to sell well in the developing world, especially several low-cost models that have just been introduced. The real potential, though, is in QNX, the company's software that operates in-dash entertainment systems in vehicles.

QNX is quickly becoming the standard in the auto industry. Most luxury brands use it, and domestic producers are beginning to catch on as well, as evidenced by **Ford's** decision a few months ago to drop **Microsoft** as the software provider for its Sync in-dash system, preferring BlackBerry. Even **Apple's** CarPlay uses QNX software.

## 3. Yellow Media

**Yellow Media** ([TSX: Y](#)), the printer of the increasingly obsolete Yellow Pages, has quietly turned itself into an interesting technology company.

The company readily admits that its core business is dying, which is why it owns a portfolio of some of Canada's most popular websites. Collectively, the company's websites attract nearly nine million monthly visitors and generate almost \$400 million in annual revenue.

Investors are getting the company at a downright cheap valuation. It trades at just 3.6 times trailing earnings, and 4.2 times forward earnings. Its shares are right around \$17, and trade just barely above book value. Its return on equity numbers are outstanding, regularly exceeding 30% since the company's emergence from bankruptcy protection.

Obviously, the market doesn't believe Yellow Media can remain this profitable. Only time can tell, but Yellow Media is a very cheap technology stock. The question is whether the Yellow Pages division can hold on.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:Y (Yellow Pages Limited)

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