



Will These Companies Be Back in Vogue in 2017?

Description

Looking back through history, a number of Canadian companies have held the title of being the biggest or potentially the best in the past 20 years. The older names which come to mind are Bre-X and Nortel Networks (previously called Northern Telecom). Most recently, we've seen **Valeant Pharmaceuticals Intl Inc.** (TSX:VRX)(NYSE:VRX) and **BlackBerry Ltd.** ([TSX:BB](#))(NASDAQ:BBRY) hold the crown. We've also seen the spectacular rise and fall of **Bombardier, Inc.** ([TSX:BBD.B](#)) on more than one occasion.

Apart from the Canadian banks, which have consistently been among the top 10 most valuable companies by market capitalization (share price times the amount of shares outstanding), we regularly bear witness to incredible entrepreneurial stories, proving that innovation happens in Canada. The companies, however, are faced with the conundrum of "what next?" after reaching the top of the list.

In the case of Valeant, the fall took a matter of months, and given the current situation, the fate of the company is looking no better than that of Bre-X. With the costs of servicing existing debt at approximately 15% of revenues and no research and development (R&D), it may only be a matter of time before this security is de-listed.

Looking at Bombardier, what has been spectacular is the company's ability to survive and come back after being on life support a number of times in the past 20 years. This company is facing the music (yet again) for a reason. Had it not been for the support of the government, Bombardier would have left the party a long time ago.

Putting BlackBerry under the microscope, we may have some hope. The technology company, which was best known by retail consumers for hardware, actually has a very fruitful history in the software market. In 2016, the company announced the return to a focus on software. Although it was the hardware which made the company famous, the reality is, the company can return to prosperity through software and be just as loved by investors.

If we observe the Canadian financial markets over time, we notice the regular emergence of a new favourite Canadian company every few years. Although a number of these companies have done

extraordinary things in their own rights, there is a clear difference between doing revolutionary things vs. doing sustainable things. The Canadian banks have proven this point year after year.

Looking into 2017, finding a previous winner which has a lot to offer investors is much more difficult than I originally thought. Shares of the previous “king of the castle” on a forward-looking basis offers very little to investors with the exception of BlackBerry. While none of these companies pay a dividend, it will be important to keep a close eye on these investments.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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2. NYSE:BHC (Bausch Health Companies Inc.)
3. TSX:BB (BlackBerry)
4. TSX:BBD.B (Bombardier)
5. TSX:BHC (Bausch Health Companies Inc.)

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