



## Could These 2 Unloved Canadian Stocks Double in 12 Months?

### Description

Contrarian investors are always searching for beaten-up names that might offer significant [upside potential](#).

Let's take a look at **BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) and **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) to see if one might be attractive today.

#### BlackBerry

BlackBerry currently trades for close to \$13 per share. That's off the high near \$18 it hit in January, and for long-term followers of the stock, it's nowhere near the \$130 it fetched back in the day when BlackBerry ruled the smartphone world.

It's tough to find someone other than a government employee who still uses a BlackBerry-branded phone, but the company is now focused on being a software player, specifically in the Internet of Things space, and that's where many investors see huge opportunities.

CEO John Chen recently proclaimed the transition is complete, but the stock took a hit after reporting results for the quarter that ended May 31, suggesting investors might not be in agreement.

The numbers were actually pretty good, as BlackBerry generated a 14% year-over year gain in total software and services revenue. Its BlackBerry QNX software is now installed in more than 120 million vehicles, representing a 100% increase over three years.

However, BlackBerry is switching to a subscription-based model from its current perpetual licence setup, and that has investors wondering what the numbers will be like in the coming quarters. The company provided guidance of 8-10% growth in 2019 compared to 20% for 2018.

Chen has done a good job in the effort to turn the company around, and many high-profile investors are betting he will succeed. If the subscription model is more successful than the market expects, the stock could take off again and retest or exceed the previous 12-month high.

That said, I think the stock is more likely to grind higher over several years.

## Crescent Point

Crescent Point paid a \$0.23-per-share monthly dividend and traded for \$40 four years ago. Today, the dividend is \$0.03, and investors can buy the stock for less than \$10. The current [yield](#) is 3.7%.

A recovery in oil prices hasn't helped the company get out of its funk, and that has led to a change of leadership, with the exit of CEO and founder Scott Saxberg as well as the long-standing COO and the senior VP of Corporate and Business Development. Interim CEO Craig Bryksa is moving ahead with a mandate to shore up the balance sheet and implement cost cuts.

Crescent Point had already begun selling non-core assets, and the process continues with the recent announcement of the disposition of properties in the Williston Basin for proceeds of about \$280 million.

Crescent Point owns an attractive resource base, primarily located in light oil plays in Saskatchewan as well as North Dakota and Utah. Oil prices are giving back some gains, but the recovery looks well under way, and I wouldn't be surprised to see Crescent Point put itself up for sale in an effort to maximize value for shareholders.

In the event that doesn't happen, the new executive team, once finally in place, could start to make progress on turnaround efforts and restore investor confidence in the stock. If oil continues to recover, Crescent Point might rally in the coming year.

## The bottom line

BlackBerry and Crescent Point could well deliver some impressive returns in the near term, but betting on a double in the next year might be a stretch.

If you want to take a small contrarian position in one of them, I would probably make BlackBerry the first choice today.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:VRN (Veren)
3. TSX:BB (BlackBerry)
4. TSX:VRN (Veren Inc.)

## PARTNER-FEEDS

1. Msn
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