

2 Cybersecurity Stocks I'd Buy Now

Description

[Cybersecurity](#), or the protection of internet-connected systems, will explode in the next few years, as more and more machines are connected and as the [Internet of Things](#) industry hits its growth projections of more than doubling by 2021 (relative to 2017 levels).

So how do investors cash in on this big opportunity?

Let's start with these two stocks that are in the cybersecurity business and are already posting strong results.

Absolute Software Corp. (TSX:ABT)

With a \$300 market capitalization and a 3.83% dividend yield, Absolute Software stock provides investors with a relatively small, profitable company that is returning cash to its shareholders as well as investing in growth.

I view it as a relatively low risk way to gain access to the cybersecurity investment thesis.

In the last three out of four earnings reports, Absolute beat expectations, as profitability and margins are on the rise.

With a strong concentration of its business in the health care, financials and professional services markets, high recurring revenue, and a no debt balance sheet, Absolute is well positioned for future growth in its business and its stock price.

The stock has rallied 27% year-to-date in what may very well be just the beginning.

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#))

BlackBerry has increased its presence in cybersecurity since new CEO John Chen took over and changed the focus of the company away from the handset and phone business.

This, as well as BlackBerry's increasing presence in the automotive, connected car business, makes BlackBerry stock a good long-term buy, and as its industries of focus come to realize their growth potential, BlackBerry — assuming it continues to execute well — will be taken for the ride.

BlackBerry's stock price has rallied a bit off of 52-week lows, but has fallen almost 30% year-to-date.

But nothing has deteriorated fundamentally in the last few months or year.

If anything, things have improved, as results have been strong and as the company's new strategy continues to progress, lowering the risk profile.

The company's recurring revenue is increasing as a percent of total revenue, and now accounts for 81% of revenue with management expecting this number to increase to over 90% within a year.

BlackBerry has had a number of design wins in the automotive software business, an emerging business that has a lot of growth ahead of it, and BlackBerry Technology Solutions revenue is at record highs, driven by growth in the automotive segment.

And BlackBerry still has a very strong balance sheet, with more than \$2 billion in cash, leaving the door open for strong future growth organically or via acquisitions.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:ABST (Absolute Software)
3. TSX:BB (BlackBerry)

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