



Which Tech Stock Is a Better Buy: BlackBerry Ltd. (TSX:BB) or Sierra Wireless Inc. (TSX:SW)?

Description

Are you looking for sizable capital gains for your portfolio regardless of [dividend income](#)?

If you're looking for massive returns, then you've come to the right place.

If you've been on the sidelines watching [cannabis stocks](#) rise and rise and rise, but not feeling comfortable to join the party, don't despair.

There are other stocks that provide us with the opportunity to make sizeable long-term gains.

I'm referring to tech stocks that are taking part in a major secular trend: the increasing use of technology in the world.

BlackBerry Inc. ([TSX:BB](#))(NYSE:BBRY)

BlackBerry stock is down 22% in the last year and up 29% year-to-date, as this tech stock struggles with the realities of being a turnaround company that has refocused its business out of necessity and for a better future.

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).

BlackBerry recognizes and is acting on this trend.

With its \$1.4 billion acquisition of Cylance, a next-generation cybersecurity provider, BlackBerry is positioning itself for this growth.

Recurring revenue is increasing, almost \$2 billion of cash sits on the balance sheet, and the company's Cylance acquisition is accretive to EPS within the year.

Strong future growth awaits BlackBerry, as it stands to benefit greatly from its exposure to the cybersecurity business.

Sierra Wireless Inc. ([TSX:SW](#))(NYSE:SWIR)

Sierra Wireless stock is down 19% in the last year and down 10% year-to-date, as the company has struggled with slowing revenue growth and mounting net losses, and as 2019 company guidance came in well below expectations.

For those of you who are looking to determine whether this a great long-term buy opportunity, let's look at the company's balance sheet.

Sierra has almost \$60 million in cash on its balance sheet and no debt, leaving the company with plenty of wiggle room and flexibility regarding future acquisitions and capital spending.

Sierra Wireless has spent countless quarters burning through its cash, but in 2018, the company is generating healthy amounts of free cash flow, which bodes well for everyone.

In 2018, Sierra generated almost \$28 million in free cash flow.

The stock trades at 0.6 times sales and at book value.

Conclusion

Being involved in the early stages of the cybersecurity and internet of things industries, BlackBerry and Sierra Wireless aren't without risks.

But they have strong balance sheets with good cash balances and little to no debt, as well as free cash flow generation, which gives them both flexibility in the pursuit of their dreams.

Sierra Wireless stock is cheaper than BlackBerry stock with lower uncertainty, so I would favour that one at this time.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:SW (Sierra Wireless)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/19

Date Created

2019/03/21

Author

karenjennifer

default watermark

default watermark