



3 Canadian Stocks That Apple Inc. (NASDAQ:AAPL) Might Buy This Year

Description

Valued at nearly US\$1 trillion, **Apple** ([NASDAQ:AAPL](#)) is one of the world's largest companies. Size can have its downsides, however.

To grow by just 10% this year, Apple would need to add \$100 billion in value. That's becoming increasingly difficult given plateauing sales figures for the company's flagship product, the iPhone.

To meet shareholder expectations, Apple will likely need to make some transformational acquisitions. Here are a few Canadian stocks that are prime takeover candidates.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

In March, I'd [argued](#) that Apple should buy Shopify for one reason: services.

Earlier that month, Apple revealed that it would be transforming its focus from hardware to software. It's not giving up on manufacturing iPhones and MacBooks — not by a long shot. But if the company wants to maintain its impressive profit margins, services would be a great way to achieve that.

Recently, Apple announced a slew of new services, including a news subscription, video platform, gaming product, and credit card.

That last item, the Apple Card, shows the company is serious about embedding itself into its customers buying habits. As I wrote previously, "the only thing that's missing is to insert itself into consumer purchases outside of the Apple ecosystem." Acquiring Shopify would fill that gap immediately.

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

BlackBerry is [back from the dead](#). If you think you know what this company does, think again.

Long gone are the days of manufacturing phones with physical keyboards. BlackBerry's singular focus these days is software and services.

Last quarter, software and services revenue reached \$200 million. Importantly, 80% of these revenues are recurring, meaning Apple would be acquiring a long-term stream of income-producing deals.

Recently, BlackBerry closed a number of deals in a variety of fields including cybersecurity, artificial intelligence, the Internet of Things, and autonomous vehicles. Any one of those areas could add billions in potential revenue for Apple.

It's a contrarian pick, but there are plenty of reasons Apple should buy out BlackBerry investors.

Mediagrif Interactive Technologies ([TSX:MDF](#))

While smaller than the other companies on this list, Mediagrif could be a cheaper way for Apple to enter the e-commerce business with greater momentum.

Mediagrif provides e-commerce solutions to both consumers and businesses. In a nutshell, it helps connect buyers and sellers through its various software platforms. That would be a perfect fit for Apple's foray into digital retail.

Despite only generating \$81 million in sales last year, Mediagrif produced \$23 million in EBITDA, highlighting its ability to create real cash from its offerings. In fact, the company's margins often rival Apple's.

Due to its ability to generate high levels of cash flow, Mediagrif is able to pay out a reliable 4% dividend. Last year, EPS was artificially depressed to just \$0.48, meaning the stock currently trades at nearly 20 times earnings. If Mediagrif can get EPS back to its five-year average of around \$1, the stock would be trading at less than 10 times earnings.

In total, Mediagrif looks like a cheap stock that pays you to wait for a tech behemoth like Apple to acquire it.

CATEGORY

1. Investing
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2. NYSE:BB (BlackBerry)
3. NYSE:SHOP (Shopify Inc.)
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