



## Despite a Boost, This Is 1 Canadian Tech Stock to Avoid

### Description

Is **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) a stock to invest in for future innovations, or one to avoid for the time being? Despite a current boost post-earnings report, a pullback may yet disappoint shareholders before the next quarterly results are revealed. The following breakdown of [BlackBerry's](#) statistics based on value, quality, and momentum boils down to a pretty clear conclusion on whether it's time to buy in.

### You used to call me on my cell phone

There's no doubt that BlackBerry was a hot stock back in its heyday. However, with a one-year past earnings-growth rate negative by 77% and underperforming returns, that day seems quite a while ago now. Admittedly a positive five-year average past earnings growth of 68.7% is solid as an overall track record, but there's a bit more bad news in BlackBerry's stats yet to come.

During the last three to six months, more than \$40 million worth of shares were sold by BlackBerry insiders, making for a fairly clear warning shot for any shareholder who tends to go by such things as peer-based indicators. Competitors in a similar space such as **Apple**, with its decent price-to-earnings ratio and significant past-year return on equity, unfortunately, do nothing to make BlackBerry look worth buying in comparison.

To continue this quick snapshot before we take a deep dive into the data, it's worth noting that BlackBerry has managed to bring down its level of debt compared to net worth over the past five years from 44.9% to the current 25.2%; however, while this new level is within the so-called safety zone of risk-inducing debt, it's still not well covered by BlackBerry's operating cash flow.

### Value, quality, and momentum: three things BlackBerry lacks

BlackBerry's P/B of 1.9 times book isn't so bad; it has to be said. However, a P/E of 53.6 times earnings is much too high for a stock that has too much else working against it. No dividends are on offer from BlackBerry, so to make money investing in its stock, one must look to its momentum and trend in share price as well as its market share.

Unfortunately, aside from BlackBerry's planned innovations and post-earnings report boost, there's not much here to inspire the casual investor in Canadian tech. While this stock has gained 1.8% in the last five days, its beta of 0.8 relative to the industry indicates fairly low volatility; furthermore, with a calculated drop of more than 73.9% in expected annual growth in earnings, BlackBerry has to have one of the most negative projected outlooks of any stock on the TSX index, hands down.

## The bottom line

A stock that consistently underperforms the [Canadian software industry](#) average in terms of returns, BlackBerry still looks like a downward-trending dud and deserves its current "hold" signal. Its share price is overvalued by almost three times its future cash flow value, though its future outlook and recent track record are weak; in short, there are better ways to make money with Canadian stocks, with plenty of high-performance tech stocks to be found on the TSX index.

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