Forget Shopify (TSX:SHOP): This Tech Stock Might Have More Upside Today

Description

Shopify (TSX:SHOP)(NYSE:SHOP) has been one of the hottest stocks on the TSX this year, but it may be running out of steam. The company has shown a lot of growth over the years, and although there are signs that things are slowing down a little bit, investors have remained very bullish on the stock. However, with the stock recently hitting a new all-time high, it may be worth asking whether the stock is reaching a peak.

Shopify is already around a market cap of $40 billion, making it one of the top stocks on the TSX. And with the company still being unable to post a positive net income, investors are paying a big premium for the stock. Other companies around its valuation include **Rogers Communications** and **Restaurant Brands International** — two very strong companies that have had no problems achieving profits.

It’s not often you see a company continuously running in the red being valued so high, and that makes it even less likely that Shopify can continue rising from where it is today.

A better option for tech investors?

Investors might be better off considering an investment in **BlackBerry** (TSX:BB)(NYSE:BB). While the company may not have the excitement surrounding it that it once did, it has a lot more room to rise than Shopify does. At a market cap of around $7 billion, BlackBerry is still a shadow of the popular tech company that it was back when it was a big producer of cell phones.

However, the company has slowly been turning things around and reinventing its business. It’s certainly not an overnight process, but BlackBerry has been producing some good results. In its most recent quarter, it saw sales rise by 9% from last year, and the company posted a profit for the third consecutive period. And unlike in previous periods, it also reported a positive operating income total, no longer requiring a boost from other income to stay in the black.

These are very good developments for a stock that’s trying to make a name for itself in cybersecurity. It has already gotten the attention of some big companies, even the U.S. government. And with data breaches and privacy scandals continuing to plague companies in many industries, BlackBerry has plenty of opportunities for growth.

The company is no longer going to be the hip, exciting company that young consumers and investors flock to. Instead, it’s establishing a strong, solid business that has stronger margins and better financials, which makes for a better investment in the end.

Bottom line

Shopify is definitely the more exciting stock of the two today, but for investors that are looking for real, long-term growth opportunities, BlackBerry might be the better option. At a price-to-book ratio of two, the stock is still a cheap buy. It might take some time, but BlackBerry could once again be one of the top stocks on the TSX.

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Author
djagielski