Better Buy: Shopify (TSX:SHOP) or BlackBerry (TSX:BB)?

Description

While these two stocks may be in the technology sector of the market, and while they both remain in the headlines lately, that's about where the similarities end.

Shopify (TSX:SHOP)(NYSE:SHOP) has been on a tear in the last few months, only recently seeing a drop in its share price after analysts announced that their bullish view of the stock was already taken into consideration of its fair-value price.

Then there's **BlackBerry** (TSX:BB)(NYSE:BB), a stock that once saw some triple-digit numbers itself, only to now be in the very, *very* low double digits after being under $10 a share for so long.

So, which is the better investment at this point? Did investors miss the boat on Shopify? Is BlackBerry still too volatile a stock to invest in? Let's dig in.

Shopify

Shopify's shares have risen about 80% since the beginning of 2019, after falling from its summer highs down to about $160 per share. The stock currently trades at about $340.50 at the time of writing, falling 5% from its all-time high of $358.60 in the beginning of May.

As I mentioned, this was from analysts like Morgan Stanley saying the stock had gone as far as it's going to go for a while, with others predicting the stock to drop to $200 or even $150 per share in the next 12 months.

It's a hard sell, to be honest, as the company continues to pump out strong quarterly results, even upping its own forecast for the financial year. Investors probably saw the 50% increase in revenue hit headlines a couple of weeks ago. But it's whether it can continue this momentous growth that has analysts and investors curious.

What investors should be looking at one thing: profit. The company isn't profitable right now, and its share price just simply isn't cheap. The stock is overvalued with a price-to-book ratio of 13.1 and a negative return on equity of -3.85% because it simply isn't profitable at this point. However, the company is in its infancy, and while there might be a few bumps on the road, it should continue producing amazing results that will continue to attract investors.

BlackBerry

While it may not have the triple digits of Shopify, BlackBerry has still had a pretty great year. The company started off the year under $10 per share, peaking in March at about $13.50 to drop to where it is at the time of writing at $11.40 per share. That's still not near its 52-week high of $16.27, but the stock has been steadily creeping back up.

That creeping up is what has investors interested, as this company has a lot of room for growth. True, it likely won't get to the stratospheric share price of Shopify, but even if it reaches $100 per share, that is an enormous increase from today's share prices. But investors will have to be patient for likely a number of years, rather than see the constant ups and downs of a stock like Shopify.

That's because BlackBerry has been reinventing its business to focus on where it has excelled in the past. No, not cell phones, but cybersecurity, an increasingly important area in today's world. The company's recent acquisition of Cylance has put it firmly on this path, but BlackBerry is also researching and developing autonomous vehicles, signing on contracts with the Canadian and U.S. government and American car makers.

But where Shopify and BlackBerry are similar is that this company also just isn't profitable, but it's well on its way, making analysts optimistic. They see the stock as undervalued with a price-to-book ratio of 1.7 and have high growth expectations with a price-to-earnings ratio of 49.22 — one of the highest in the industry.

Foolish takeaway

If I'm investing in one of these at this moment, it's definitely BlackBerry. There is a tonne of growth potential, and the company has been rebuilding for the last decade to reach this point. In the next 12 months, investors could see shares rise back to the $16 range it had last year.

But don't write off Shopify; just wait for the dip. And there will be a dip. This company has a huge future ahead of it and will likely continue to grow. Once it's profitable, shares could skyrocket once more.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

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

Category

1. Investing
2. Tech Stocks

Date
2025/09/18
Date Created
2019/05/19
Author
alegatewolfe