Forget BlackBerry (TSX:BB): Buy This TSX Growth Stock on the Dip!

Description

The last month has been volatile for Canadian investors. The **iShares S&P TSX 60 Index ETF** is down over 12% this year, and tech stocks, including **BlackBerry** (TSX:BB)(NYSE:BB), have lost significant momentum.

The Canadian equity market was first impacted by fears of the COVID-19 outbreak. On March 9, 2020, equity markets crashed to multi-year lows on the back of the oil price war between Russia and Saudi Arabia.

While it is impossible to time the markets, growth investors should consider buying stocks at every possible opportunity. As growth stocks trade at a premium, they are vulnerable in a market sell-off and lose considerable value and trade at lower multiples.

BlackBerry stock is down 32% in 2020

Shares of BlackBerry have grossly underperformed the broader markets this year. It has declined 32% in 2020 and is down 58% in the last year compared to the -1.3% returns of the S&P 500 since March 2019.

BlackBerry shares made a comeback yesterday and were up close to 10%. However, this company has failed to inspire investor confidence, despite focusing on new business verticals since its exit from the smartphone space.

BlackBerry's QNX software has been installed in at least 150 million cars, and it has struck deals with domestic giants, including **Canadian Pacific Railway**. The company has struggled to increase sales from its largest business segment in fiscal 2019.

BlackBerry's Enterprise Software and Services business accounted for 39.3% of sales in 2019, but revenue fell 7% last year. The company is still posting a GAAP loss, and its non-GAAP earnings are expected to fall from $0.24 in fiscal 2019 to $0.08 in 2020.

In 2019, BlackBerry sales from North America rose close to 13%. However, all other major regions reported a decline, as sales fell 5.3% last fiscal year.

Investors can consider Lightspeed

One growth stock investors can consider is Canada's **Lightspeed POS** (TSX:LSPD). This company went public at a price of $16 and is currently trading at $28.02. It touched a record high of $49.7 and has corrected significantly since August 2019.

Lightspeed is a leading provider of software, solutions, and support systems to small and medium retailers and restaurants. It aims to empower these businesses and helps them increase customer engagement, manage operations, and accept digital payments.

The company is poised to experience stellar growth over the next few years. Its sales are estimated to increase 55% in fiscal 2020 and 57.3% in 2021. In the December quarter, LSPD sales were up 61% at $32.3 million and above the company guidance of between $31.5 million and $32 million.

Its recurring revenue rose 58% to $28.4 million and accounted for 88% of total sales. The gross transaction value processed by retailers was up 63% at $6.2 billion in the December quarter and was $20 billion in the last 12-month period.

LSPD has over 74,000 customer locations worldwide and continues to grow via acquisitions. It acquired Gastrofix for $101 million to gain traction in the European markets. As LSPD is still unprofitable and reporting negative operating cash flows, its focus on inorganic growth might concern investors, and this could have contributed to the stock's recent pullback.

LSPD is still trading at a premium. Its valued at 15.7 times forward sales. But the company's growth trajectory and improving profit margins might make it a winning bet for long-term investors.

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1. Investing
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2. TSX:BB (BlackBerry)
3. TSX:LSPD (Lightspeed Commerce)

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