



2 Top Tech Stocks on Sale in This Bear Market

Description

The S&P/TSX Composite Index officially entered a bear market on March 11. This stunning and rapid fall was precipitated by fears of the COVID-19 outbreak and was made worse by a vicious oil price war that has broken out between Russia and Saudi Arabia. COVID-19 cases are on the rise in North America and Europe, and governments are taking radical steps to contain the virus.

This bear market is unique in how quickly it has fallen upon investors, and it is impossible to predict the impacts of COVID-19 on the domestic and global economy. Earlier this week, I'd discussed why [healthcare](#) was a sector I was excited about in response to this pullback. Today, I want to look at another high-growth sector: technology.

My focus today is on an exciting subsector: [cybersecurity](#). A recent report from Mordor Intelligence forecast that the global cybersecurity market would reach a value of US\$267 billion by 2024, compared to \$118 billion in 2018. This would represent a CAGR of 14.5% over the forecast period.

BlackBerry

The market bloodbath has erased the gains **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) had achieved since the hiring of turnaround specialist John Chen. Shares of BlackBerry have plummeted 30% over the past month as of close on March 11. The stock is down 53% year over year.

John Chen has accomplished quite a bit as BlackBerry's CEO. The company has undergone an impressive transition into software, and it has established itself as a global leader in cybersecurity. BlackBerry has also been able to carve out a footprint in the automated vehicle software market with its QNX operating system. In Q3 FY 2020, BlackBerry reported non-GAAP software and services revenue of \$275 million — up 26% from the prior year.

BlackBerry is set to release its next quarterly report later this month. The stock possessed a favourable price-to-book value of 0.9 at the time of this writing. Its shares had an RSI of 26, which puts BlackBerry in technically oversold territory.

Absolute Software

Absolute Software (TSX:ABT) has not received near the press of BlackBerry in recent years, but it has consistently exceeded expectations. Shares of Absolute Software have dropped 10.6% over the past month. The stock is still up 4% from the prior year.

The company released its fiscal 2020 second-quarter results on February 3. Total revenue increased 6% from the prior year to \$25.8 million, and it climbed by the same rate in the year-to-date period to \$51.4 million. The Annual Contract Value Base rose 5% year over year to \$100.3 million. Adjusted EBITDA climbed 42% to \$12.3 million, or 24% of total revenue.

For the remainder of the year, Absolute Software is projecting revenue between \$103 million and \$106 million. This would represent between 4% and 7% annual growth. It also forecasts adjusted EBITDA to be between 18% and 22% of revenue.

Absolute Software is moving forward with a mediocre balance sheet, but there is a lot to like about its earnings trajectory. Shares last possessed a price-to-earnings ratio of 26, which is favourable compared to its industry peers. The company last declared a quarterly dividend of \$0.08 per share, representing a 3.4% yield.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:ABST (Absolute Software)
3. TSX:BB (BlackBerry)

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