



BlackBerry or Absolute Software: Which Can Deliver Superior Returns?

Description

The pandemic has made some permanent changes to our lives. More people are now working, learning, and shopping from their homes. Gartner's recent survey indicated that 82% of the company leaders were willing to allow their employees to work remotely for some time. This shift has increased the threats of cyberattacks. So, the spending on cybersecurity could rise over the next few years.

Gartner expects the endpoint security market to reach \$67.5 billion by 2024. Given the growth prospects, let's examine which among **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) and **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) could deliver superior returns.

BlackBerry

BlackBerry currently secures over 500 million endpoints, including 150 million cars, through its multiple products, such as Spark, Cylance, UEM, Dynamics, and Cyber Suite. Its recent launches Spark and Cyber Suite have helped the company acquire many blue-chip clients. Further, the company earns a significant percentage of its revenue from recurring sources, which is encouraging.

Meanwhile, the company is also looking to strengthen its position as a software provider for automakers. In December, BlackBerry partnered with **Amazon** Web Services to develop and market its intelligent vehicle data platform, IVY, to help automakers securely read vehicular data and provide in-vehicle services. Further, the company has expanded its [three-year-old partnership with Baidu](#). The new agreement would allow Baidu's maps to run on BlackBerry's QNX Neutrino RTOS, which would help global automakers launch their connected and autonomous vehicles in China. [So, the company's outlook looks healthy.](#)

Despite its high-growth prospects, analysts look less bullish on BlackBerry. Five of the nine analysts covering BlackBerry have given a "sell" rating, while four have issued a "hold" rating. No analyst is in favour of a "buy" rating. Meanwhile, analysts' consensus price target stands at \$6.28, representing a 54.4% fall from its current levels.

Absolute Software

Amid rising demand for its products and services, Absolute Software had reported an impressive second-quarter performance last month. Its top line grew 16% year over year, while its adjusted EBITDA margin expanded from 24% to 27%. During the quarter, the company had introduced the Absolute Control mobile app, which protects customers' data even on the go.

Further, the introduction of its software inventory capabilities and web usage analytics provided its clients more insights into their endpoints' software and web usages. Boosted by these new launches, its active endpoints increased 18.6% to 11.5 million while improving the net dollar retention rate.

After reporting its second-quarter performance, Absolute Software's management had raised its guidance for this fiscal year. Now, the management expects its top line to grow at 11-13%, while its adjusted EBITDA margin could come in the range of 22-24%. The company also had raised US\$69 million through a public offering in October, which could support its growth initiatives. So, the company's outlook looks healthy.

Analysts are also bullish on the stock. Of the seven analysts following the stock, five have issued a "buy" rating, while two analysts favor a "hold" rating. Meanwhile, analysts' consensus price target currently stands at \$17.72, representing a 12-month return potential of 21.3%.

Bottom line

BlackBerry and Absolute Software have returned 62.9% and 17% this year, respectively, while currently trading at forward price-to-sales multiples of 4.8 and 4.9. Although both companies offer high-growth prospects and trade at a similar valuation, I expect BlackBerry to deliver superior returns, given its multiple growth drivers and tailwind from the expanding EV market.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/09/06

Date Created

2021/03/22

Author

rnanjapla

default watermark

default watermark