



Forget BlackBerry (TSX:BB): These TSX Stocks Are Surging!

Description

It has been a roller-coaster ride for **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock in 2021. On two occasions this year, the stock has surged by more than 100% in less than a month. Unfortunately, every time, it has also declined back to earth.

BlackBerry stock is a trader's dream, but is it an investment?

While this stock has been an exciting one to hold, the drastic volatility makes it a challenge as well. It is essentially a game of timing. The way, this stock trades does not seem to always accurately reflect the business fundamentals.

BlackBerry is an interesting technology stock, because it has its hands in buzzword applications, like cybersecurity, [autonomous vehicles](#), and the internet of things. This TSX stock has been in the midst of a turnaround for years. Yet my greatest concern is that it has never been able to pull off a consistent rebound. Since 2017, revenues have declined or been stagnant, and it has rarely been earnings positive.

For a business that consistently underperforms, BlackBerry has a premium valuation. It has a price-to-sales ratio of nine times and an enterprise value-to-EBITDA ratio of 90 times. Given the lack of margin of safety, I would just be on the sidelines with this stock. Canada has some [great tech stocks](#). Here are two that I would much rather own today.

Topicus.com: The next buy-and-hold forever tech stock?

While **Topicus.com** ([TSXV:TOI](#)) doesn't have a long history (it was spun out in February) like BlackBerry stock, it has enjoyed a strong 85% surge this year. It is the brain-child of **Constellation Software**. Constellation continues to hold a large stake in the business, and Topicus's board is populated with Constellation segment leaders. Given Constellation's history of consistent 40% annual returns, that is definitely a positive.

Topicus.com is a focused on consolidating a widely fragmented niche software market in Europe. It is unique because it has one segment focused primarily on organic growth, and another replicating Constellation's consolidation strategy. It has been demonstrating strong +50% year-over-year growth so far this year.

This has been fuelled by organic and acquisition growth. It focuses on very sticky software niches in government, education, and financial services. Like Constellation, these businesses capture attractive margins and earn recurring free cash flows once stabilized. The stock is very pricey today, but I would consider it on any major pullback.

Telus International: A growth stock I'd pick over BlackBerry

Another stock I would look at over BlackBerry is **TELUS International** ([TSX:TIXT](#))([NYSE:TIXT](#)). It has started to see some momentum, as the market recognizes it as a separate, unique entity from its parent company, **TELUS Corp**. This stock is not [cheap](#), with a price-to-sales ratio of six times and a price-to-earnings ratio of 33 times.

Yet it has profitably been growing by over 35% a year. On a price-to-earnings-to-growth (PEG ratio) consideration, that really doesn't look too pricey after all. TI is helping large businesses in their digital transformation strategies. It is building a very strong artificial intelligence, data analysis, and business streamlining platform.

Many fast-growing technology businesses are looking to TI to update their customer experience capacities to keep up with their growth. As a result, TI could continue to enjoy very strong demand going forward.

Like BlackBerry, you get some great thematic tailwinds with this stock. Yet you also get consistent growth and profitability — two important factors I couldn't say about BlackBerry stock.

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1. Editor's Choice

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3. TSX:BB (BlackBerry)
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5. TSXV:TOI (Topicus.Com Inc.)

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Date

2025/08/18

Date Created

2021/09/08

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