



3 Cheap Tech Stocks to Buy This Christmas

Description

Looking for cheap tech stocks to buy this Christmas?

If so, you've got some work to do. Tech stocks are generally very expensive. Right now, the tech-heavy NASDAQ Composite has a P/E ratio of about 28. That's lower than it was a few months ago but still high. And it's the same story with most Canadian tech stocks. The biggest Canadian tech players trade at extremely high multiples to sales, earnings, and book value. In some cases, they offer enough growth to be worth it. But most of the time, the value proposition is questionable.

With that said, there are some value plays in the tech sector. They're not easy to find, but they do exist. Some of these stocks are just "relatively" cheap; others are trading for next to nothing. In this article, I will explore three value tech stocks that are looking dirt cheap in December.

Open Text

Open Text ([TSX:OTEX](#))([NASDAQ:OTEX](#)) is one of Canada's oldest [tech companies](#). It's highly diversified, with a number of different enterprise software offerings. Some of the services it offers include

- Content management (CRM);
- Data analytics;
- Digital media storage;
- And more.

Basically, the company offers a variety of software and cloud solutions that help companies store and manipulate online content. It may not be the most cutting-edge business in the world, but it is a service that all companies need.

Despite the importance of its business, OTEX stock is very cheap. Trading at just 14.3 times adjusted earnings, 3.8 times sales and three times book value, it is one of the cheaper tech stocks out there. Now, I'm not going to say that there's no reason for that. OTEX's revenue growth this year was in the

single digits, and its three-year growth rate in net income is actually negative.

The stock is cheap for a reason. But if you're looking for value tech stocks, OTEX fits that description.

Now, if you're looking for cheap tech stocks that also offer growth, read on, because the second stock on this list offers a much more attractive combination of growth and value than OTEX does.

Micron Technology

Micron Technology ([NASDAQ:MU](#)) is a processor stock that has [extremely low valuation metrics](#) and extremely high growth all in one package. In its most recent quarter, it grew revenue by 37% and its earnings by an astonishing 175%. That's stellar growth. Yet despite all of that growth, Micron remains a very cheap stock.

Trading at 14 times earnings, 3.4 times sales, and two times book value, it's almost as cheap as a bank stock. Yet it offers superior growth. It's not very often you see a high growth stock this cheap, so MU is one play that every value investor should consider. Yes, RAM prices are volatile, and there is real risk here. But there is real opportunity as well.

Alibaba

Alibaba Group Holding ([NYSE:BABA](#)) is another value tech stock like Micron. This one operates in the e-commerce industry rather than semiconductors. In its most recent quarter, Alibaba grew revenue at 29%, yet its stock trades at just 13.4 times earnings, 2.6 times sales, and two times book value. It's super cheap.

Of course, just like with Micron, there is a reason why BABA stock has gotten so cheap. Its tax rate increased in 2021, putting pressure on margins, and the Chinese Communist Party introduced a number of measures this year that cost BABA a lot of money. The biggest was a \$2.8 billion fine. These risks are worth keeping in mind, but BABA is growing fast enough to absorb new costs. It's definitely a value play worth considering.

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