



## Is BlackBerry Worth Buying During the Current Market Turmoil?

### Description

Not long ago, **BlackBerry Ltd.** ([TSX: BB](#))(NASDAQ: BBRY) was a joke among investors, who have watched the company's value dwindle as quickly as the average consumer's interest in its phones. Thanks to lots of internal tinkering and a new leadership regime, however, it has steadily been regaining share value over the past year.

Last December, the stock was trading at \$5.79 as investors fled the seemingly sinking ship. Yet the company has managed to boost its stock price all the way up to \$12.50 over the summer, on speculation of new devices and a slimmed-down internal structure. Sitting at \$10.70 as of Friday, it has thus far avoided the market's regurgitation of equity over the past couple of weeks.

So the question is: If the stock hasn't sunk back to bargain prices, is it still worth buying right now?

### The Passport bump

Perhaps something that is holding up the stock's value is the recently released Passport, BlackBerry's newest handheld device. The Passport managed to sell out its 200,000 unit supply in only two days, nowhere near the sales **Apple** saw with the iPhone 6 but a victory for BlackBerry nonetheless as it only sold 2.4 million devices in all of Q2.

But this release day victory could be overshadowed by supply chain issues. Analysts from **CIBC** have cut their shipment forecast for the third quarter from 2.3 million devices to 1.6 million and the fourth quarter projection from 2.5 million to 1.5 million.

Another expected casualty of the Passport are the other currently available devices offered by BlackBerry, which are seeing their sales quickly dwindle.

One positive is the fact that the Passport still has not been released in the U.S. which makes up 19% of total sales, or in other international markets such as parts of the Asia-Pacific region, which accounts for 16% of current sales. Also South Africa is slated to receive the device next month.

These added sales should help the company meet its target of 10 million devices per year by 2017.

This target is no pie-in-the-sky ambition, but is instead the minimum number of devices the company has to sell to break even.

### **Buy, sell, or hold?**

While the Passport has had some effect on the stock and has the general public talking about the company again without snickering, it has done little to impress analysts and this is reflected in their price targets. Currently, the average price target is only \$9.05 with a hold rating, compared to Friday's closing price of \$10.70. Some analysts have their targets up to \$10 and others have cut theirs down to \$6. While the Passport is a step in the right direction, it isn't enough to pull the company completely out of the ditch. It seems that investors looking for some quick gains from BlackBerry are a few months too late, and it will take another significant move to get the stock past this ceiling.

Perhaps an expansion into China is what is lacking for this once-mighty Canadian tech giant. While CEO John Chen acknowledges that "China is too big a market to ignore" and that "[i]t is clear that BlackBerry needs to and should be in that market," there remains no strategy to cross into that market.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

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