



3 Reasons to Buy BlackBerry Ltd. Shares Before Christmas

Description

Since John Chen took over as CEO about a year ago, **BlackBerry Ltd.** ([TSX: BB](#))(Nasdaq: BBRY) has undergone a remarkable transformation. In fact the shares have nearly doubled since December 2013.

But this could be just the start of the transformation. Below are three reasons to jump on the BlackBerry bandwagon immediately.

1. The Vodaphone deal

On Tuesday, Export Development Canada (EDC) made some news by announcing an \$850 million financing deal with European telecom giant Vodaphone, \$750 million of which shall be used to purchase BlackBerry handsets. The deal covers five years, and is to be made at “commercial terms”, although the rate itself wasn’t disclosed.

The financing deal should help BlackBerry “solidify their presence in Europe’s various emerging markets where Vodaphone operates”, said EDC Vice President of International Development Todd Winterhalt. It’s also a very nice boost for BlackBerry in a week where it releases a new phone – the Classic – and reports earnings.

2. New revenue

Much is being made about BlackBerry’s declining service revenue, but there are other areas where the company’s revenue is set to take off.

For example, Mr. Chen hopes to double the company’s software revenue – a \$250 million increase – in 2015. The latest version of the company’s mobile device management software (BES 12) should help with that. BES 12 fixes a lot of the shortcomings of the previous iteration, BES 10, such as the requirement for many customers to run multiple versions of the software.

Mr. Chen is also targeting \$100 million in revenue from BlackBerry Messenger (BBM). This target has its share of sceptics, especially since rivals such as WhatsApp earn far less revenue from a much greater number of users. But BBM is targeted at enterprise customers, who may be willing to pay extra

for increased security.

Better yet, it was recently confirmed that **Ford** is using BlackBerry's QNX operating system for its in-car entertainment and mapping systems. There were anonymous reports of this happening back in February, but neither side confirmed them. This bodes very well for BlackBerry, who hopes to sign up more such customers in the years ahead.

3. Turnaround plan ahead of schedule

This is quite possibly Mr. Chen's biggest accomplishment. Thanks to asset sales and cost cutting, BlackBerry is in far better financial shape than when he took over.

In fact, in the most recent quarter, the company only lost 2 cents per share. And by February 2015, the company hopes to get to cash flow break even. From there, if the company is able to increase revenues, then earnings could take off longer term.

In the meantime, there are still a big number of investors betting against BlackBerry shares. If Mr. Chen is successful, then these people will be forced to reverse their bets. That will only drive the shares higher.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:BB (BlackBerry)

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