



3 Reasons BlackBerry Ltd. Could Soar in 2015

Description

Let me tell you a story about innovation, superior growth, and what could be the greatest comeback story since *Anchorman 2*. Along the way, you'll find the best tech stock I know — and it's so cheap, it's certifiably insane.

Smartphones have totally changed the way people communicate. But **BlackBerry Ltd.** ([TSX: BB](#))(NASDAQ: BBRY), which started this revolution years ago, has been kicked to the sidelines.

Over the past five years, BlackBerry shares have lost a stunning 85% of their value. The company has lagged not only the stock market as a whole, but most of its rivals, too.

Company	5-Year Price Change	Trailing P/E Ratio	Market Cap (US\$)
BlackBerry	(85%)	N/A	\$5.25 billion
Microsoft Corporation	57%	19	\$393 billion
Google Inc	73%	26	\$352 billion
Apple Inc	300%	17	\$656 billion

Source: Google Finance

Now this might sound crazy, but not one of these stocks can match the buying opportunity I see right now in BlackBerry. Here are three reasons why this stock could soar in the New Year.

1. The stock is ridiculously cheap

There's a difference between a great company and a great stock. You can love a company's product, but the stock could still be a bad investment if you overpay for the shares. And even a bad company can be a great buy at the right price.

Today, the market is valuing all of BlackBerry at US\$5 billion. At this price, you're only paying for the company's cash, patents, and service business. You get all the upside from QNX, BlackBerry Messenger, and mobile device management for free.

2. The company is once again on sound financial footing

That said, sometimes you get what you pay for. When CEO John Chen took over at BlackBerry one year ago, the company was burning through cash. There was a real possibility that it wouldn't even survive.

Today, that's no longer the case. Mr. Chen has made good on his vow to stop the company's cash burn, and did so three months early. Last quarter, BlackBerry returned to a positive cash flow of \$43 million. He's now looking to regain profitability by February 2015, the end of the fiscal year.

3. The Internet of Things

However, the firm's best days might still be ahead. This month BlackBerry unveiled its new Classic smartphone. But while everyone gawks over the company's latest device, they're missing an even bigger story: the Internet of Things.

The Internet of Things is the connection of people and objects to the Internet. Soon, just about every device you use — including your car, refrigerator, television, and washing machine — will be connected. However, the household is just the beginning.

All sorts of industries, from health care to railways, are finding uses for Internet connected devices. According to estimates from **Cisco System Inc**, the Internet of Things could become a \$17 trillion industry. Yes, that's trillion. BlackBerry's QNX operating system puts the company at the forefront of this new world.

BlackBerry's turnaround is slowly taking shape. When Mr. Chen took over the company last year, he estimated his odds of saving the firm were 50/50. However, in a recent Bloomberg interview, he upgraded his chances of success to 99%.

Based on the results we've seen so far, I think that's a fair assessment.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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