



BlackBerry Ltd. Reaches 4-Year Highs: Is it Time to Buy?

Description

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#)) has recently reached a new 52-week high, and investors may be wondering if it's time to buy or sell the stock.

In the past year, the share price has risen more than 85%, and investors who bought the stock in 2017 might be tempted to cash in on those gains. However, recent developments suggest that there could be even more upside for the tech stock.

Once a popular cellphone producer, BlackBerry has transitioned its business model over the years and now focuses on security and software development. Specifically, BlackBerry is involved in the [self-driving revolution](#). The company hopes its QNX software will play a big role in the industry's future.

Stock surges after deal with search engine giant

It's the company's success in that segment that has recently given its share price a big boost. It was announced last week that **Baidu Inc** ([NASDAQ:BIDU](#)), which has been working on developing a driver-less system called Apollo, will now be using BlackBerry's QNX software as a key part of the platform.

It's a big win for BlackBerry, as the company aims to be the software company of choice for companies and manufacturers that are building driver-less technologies.

Sales down from years past, but trending up

A lot has changed for BlackBerry over the years, with its sales mix no longer dominated by handheld devices. From sales of \$6.8 billion in 2014, revenue has dropped to just \$1.3 billion in the company's most recent fiscal year for a decline of more than 80% in just three years.

However, the silver lining for the company is the improvement seen in its most recent quarters, particularly with growing software sales. In Q2, the segment's sales were up 34% from a year ago. However, in BlackBerry's most recent quarter, [software-related revenue grew by only 19%](#).

Is the stock getting too expensive?

After its recent rise in price, BlackBerry is trading at a Relative Strength Index of 72, indicating that the stock has been overbought and could be due for a decline.

The share is now trading at more than 25 times its earnings and is three times its book value, which may be a bit high for investors looking for a deal. However, if the company can continue to secure more deals and build on its recent momentum, the stock could definitely soar higher.

The stock has not traded at \$17 since 2013 and is definitely being fueled by the hype surrounding its recent deal with Baidu.

Is BlackBerry a good buy today?

Investors may be concerned about the company's valuation, with the stock trading at a four-year high, but BlackBerry's potential should outweigh those concerns.

Not only has the company put itself in a good position to take advantage of growing developments in the auto industry, but it has also become a name that's synonymous with security.

BlackBerry is growing its sales, but it will take time to build up the company to the size and strength reached years ago. Investors will need to be patient with the company, but the long-term returns could be significant.

CATEGORY

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