



## Is it Too Late to Buy BlackBerry Ltd.?

### Description

**BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) stock has made an amazing comeback! From a 52-week low of ~\$10.80 per share, it has appreciated +38% to the \$15-per-share level.

If you recall, back in the day it traded north of \$100 in its former life as Research in Motion. Fast forward to today, the company is vastly different.

### Leadership

Over the last few years, BlackBerry has made a dramatic shift from hardware to software under the leadership of John Chen, who formerly served as the chairman and CEO of Sybase Inc. and helped it transform from a mature tech company to a high-growth one. Sybase was eventually bought out by another company. Since Mr. Chen took the helm of BlackBerry, the stock has more than doubled in price.



### The business and recent news

BlackBerry has become more innovative with 18 major development centres in seven countries, 37,500 patents under its belt, and spending a large portion of its revenue (about 23%) in research and development.

BlackBerry has been focused on securing the Enterprise of Things. It's a strong vote of confidence when a company has clients from the government sector. The U.S. and German government already use BlackBerry's products and services. And BlackBerry aims to expand its reach in global government sectors.

For example, Chen mentioned, "A notable deal in the sector in the past quarter was for the U.S. Air Force, who have been deploying our end-point management solution. The solution — this solution is the only FedRAMP authorized crisis communication product in the market which will cover over one million personnel and their families in about 200 locations worldwide."

BlackBerry's Enterprise software business has performed well in the financial services sector, and it sees higher demand for its products in the medical and healthcare sector as well.

Recently, BlackBerry [partnered](#) with industry giant, **Microsoft**. On another note, its embedded software is enabling automakers to deliver next generation connected cars.

### **BlackBerry is transforming for the better**

From fiscal 2016 to fiscal 2018, BlackBerry's revenue contribution from its software and services segment increased from 24% to 81%, its gross margin expanded from 46% to 75%, its debt reduced from US\$1.25 billion to US\$605 million, and it went from losing money to turning a profit — a big part of that is attributable to cost cutting.

In fiscal 2018, BlackBerry achieved US\$1.08 billion of revenue with eight consecutive quarters of operating profit and US\$2.4 billion of cash and short-term investments. As well, its software and services revenue had strong growth of 14% year over year.

### **Investor takeaway**

After exiting from handset manufacturing about 18 months ago, BlackBerry seems to be turning over a new leaf. Turning from a loss to profit is certainly a good start. Moreover, it seems to be focused on the right things and investing in the right places. BlackBerry is probably a good stock to buy for double-digit growth (or even a potential buyout target).

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