



Here Is Why BlackBerry Ltd. (TSX:BB) Stock Will Resume its Upward Move

Description

It seems investors won't touch [BlackBerry Ltd. \(TSX:BB\)\(NYSE:BB\)](#) stock, unless the company has a great new deal to disclose. This short-term approach explains the roller-coaster ride in the shares of this technology company, which is in the middle of its turnaround.

After reaching a multi-year high early this year, BlackBerry stock has lost 17% from the 52-week peak reached early this year. This weakness comes at a time when Waterloo, Ontario-based BlackBerry has consistently beat analysts' expectations for its quarterly earnings. The company also announced some major deals that showed the company's turnaround strategy is on track.

In the past quarter, BlackBerry said that it will license its QNX software and Certicom security technology to **Jaguar Land Rover Ltd.**, making its entry in the luxury connected-car market. The company also won a deal to provide security capabilities to mobile products produced by **Microsoft Corp.**, its once bitter rival in the smartphone business.

News about its partnership with **Baidu** for the autonomous car project development, and the release of BlackBerry's Jarvis, a tool for car software engineers and developers, pushed the stock price to above \$18 a share early this year for first time in five years before it plunged back to around \$15 a share at the time of writing.

Earnings momentum

Many analysts on the street expect that BlackBerry will continue to post strong earnings, as its turnaround from a smartphone maker to a company focused on software security and services business gathers pace.

In the last quarter, while [beating analysts' profit estimates](#), the company predicted a strong billing cycle at its high-margin software and services business, adding that about 70% of that revenue was recurring, excluding intellectual property licensing and professional services.

The other main growth driver for BlackBerry is its software solutions to secure networks from hackers and other data breaches. That business is also showing strong growth. All G7 governments and 15 of

the G20 governments are BlackBerry Secure customers, and so are an increasing number of enterprise companies that are concerned about cybersecurity. The company has also made a number of strategic acquisitions in the security space that added value to the BlackBerry Secure platform.

The bottom line

I have no doubt that BlackBerry will sustain its momentum as its CEO John Chen is targeting the right growth areas where the company has a competitive advantage. But turnaround stocks don't move in one direction, generally. Contrarian investors who want to buy this stock will have to show patience with a minimum five-year time horizon to truly benefit from this bet. If you have that much patience, then I see a lot of reasons to be excited about this stock.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/09/29

Date Created

2018/05/31

Author

hanwar

default watermark

default watermark