



Is BlackBerry Ltd. (TSX:BB) Stock a Buy After a Recent Slump?

Description

It seems [BlackBerry Ltd. \(TSX:BB\)](#)([NYSE:BB](#)) stock has lost its momentum. After touching the highest level in the past five years early this year, its shares have been on a slippery slope since then.

This weakness comes at a time when the 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 most recent quarter, BlackBerry posted earnings of \$0.03 a share, topping Wall Street's expectations of zero profit for the quarter. Revenue also surpassed expectations, rising to \$213 million for the first quarter compared to the forecast of \$208 million.

Winning big deals

In the past quarter, BlackBerry won many big deals that showed the strength of its software solution business. The company said 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 \$13 a share at the time of writing.

Doubts about turnaround

Despite this impressive deal-making and some improvements in its financials, some investors don't believe that BlackBerry will be successful to create long-term value for shareholders.

After the collapse of its smartphone business, BlackBerry is trying to become a leading software and services provider, focusing on the driverless cars and security markets. The company's QNX software is embedded in over 120 million automobiles worldwide, according to its CEO.

While BlackBerry saw QNX as a long-term growth driver, with opportunities in areas such as the Internet of Things, many analysts now see some significant competition from other tech giants.

Goldman Sachs, for example, sees a stiff competition for BlackBerry from **Citrix Systems, Inc.**, Microsoft, and **VMWare, Inc.**, which bundle those products into broader business software offerings.

The bottom line

BlackBerry stock is likely to remain volatile until investors see signs of a meaningful recovery. And that means showing many quarters of profitability coupled with top-line improvements. But I think BB stock is a good [long-term bet](#), as its CEO John Chen is targeting the right growth areas where the company has a competitive advantage.

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Date

2025/09/20

Date Created

2018/07/25

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