



## Is BlackBerry Ltd (TSX:BB) a Buy Ahead of Earnings?

### Description

In less than a few weeks, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) is set to release its quarterly results. The stock has underwhelmed this year — it is down over 4% year to date — but as the company continues to re-shape and evolve its business, that could change in future periods.

Let's have a look at where the company is today and whether you should consider buying the stock.

### Can it rebound from last quarter?

When BlackBerry released its [Q1 results](#) back in June, the stock went over a cliff and has been down 17% during the last three months. A net loss for the quarter combined with a drop in sales year over year clearly disappointed investors, who may have been expecting that it was time for BlackBerry to finally show some strong growth.

It's been a long process of the company shifting its dependence away from handheld devices to enterprise-related solutions. And while BlackBerry is no longer reliant on cell phones to drive its sales, developing its other businesses has taken some time.

Last year's comparables are going to be a bit softer with just \$297 million in quarterly sales a year ago, and so it gives the company better odds of doing well against numbers that don't include a big boost from handheld-related revenues.

While in the short term there is a bit uncertainty of how BlackBerry will do, over the longer term I have a bit more confidence that the company is doing the right things to be successful.

### BlackBerry continues to focus on data privacy

One thing that makes me very bullish on BlackBerry stock is the company's dedication to providing users and businesses with privacy. With data breaches seeming to be a normal occurrence and companies under fire for [not adequately protecting consumer data](#), there is definitely more demand from both consumers and businesses for greater security, and that's where, over the long term, I really like BlackBerry's growth prospects.

The company continues to build on its existing products and services. It recently introduced BlackBerry Spark, a platform where companies can safely transmit and manage data through their existing workflows.

### **Is the stock a good value?**

Currently, BlackBerry's stock is a bit expensive. It is trading at three times its book value and around eight times its sales. And with a net loss in the trailing 12 months, its price-to-earnings multiple would be in the negative.

### **Should you buy BlackBerry stock?**

While the stock is down, it's still not one that I would buy on the dip. Until the company can start showing some strong growth, or at least some profitability, it's going to be hard to justify buying the stock at its current multiples.

However, over the long term there's lots of room for the stock to appreciate in value, and as long as you're not looking for a short-term buy, then BlackBerry could still be a good option to add to your portfolio.

But I wouldn't hold out hope that the company is going to have a very strong Q2.

### **CATEGORY**

1. Investing
2. Tech Stocks

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