



## Why BlackBerry Ltd (TSX:BB) Is a Solid Buy Today

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) has had a rough year so far with the stock down by more than 20%, and it's currently trading around its 52-week low. Investors remain bearish on the stock, but I don't believe that's justified.

Many investors will point to BlackBerry's declining sales and the fact that it has only turned a profit once in the past four quarters as proof that the stock is in trouble. However, what's important to note is that while its sales are down, it is growing its key businesses.

### Progress is being made

The problem for BlackBerry is that its legacy businesses are still mixed into prior-year results and although they are decreasing, still skew the results enough so that at a high level, it's not obvious that the company is actually making progress in its new business lines.

In its [most recent earnings report](#), the company saw terrific profit growth and its sales numbers for technology solutions were up nearly 30%. Unfortunately, even a good quarter wasn't enough to generate much excitement for the stock.

Perhaps if the company were able to show some consistency in its earnings, then it will be able to win back some investors. And with each quarter we see fewer and fewer sales coming from legacy businesses, which will only help comparables and highlight more of the progress that BlackBerry has been making.

### Moving in the right direction

One of the areas where BlackBerry continues to work on is in data protection and cybersecurity. Last month, BlackBerry [acquired](#) a company that has a strong presence in AI and that will help give its products and services another dimension. It's a good move that complements its existing products and services very well.

The company is doing the right things and making some steady progress along the way, but it's going to take some time for BlackBerry to get out of the shadows of its previous life. Changing the image and brand is something that's proving to take more than a little time; however, one thing that's clear is the direction the company is taking.

In a recent interview with *BNN Bloomberg*, BlackBerry CEO John Chen said that "I hope the BlackBerry name means security, something you can trust."

With all the data breaches and privacy scandals we've seen in recent years, it shouldn't be difficult for people to start to understand the importance of protecting data and why it is important. But making that connection with BlackBerry's brand is where it's not going to be automatic just yet.

## Bottom line

BlackBerry's stock is a bargain buy; with its tremendous growth potential and trading at a multiple of less than two times book value, investors aren't paying a premium to own the stock.

While BlackBerry still has some work to do, once its results become stronger and more prevalent, investors will have to start paying higher prices for the stock, and the opportunity to get in early and at a reduced price will be gone.

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