



3 Reasons BlackBerry Ltd. (TSX:BB) Stock Is a Steal in January

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has plunged 45% year over year as of close on January 9. Shares are down 22% over the past three months. BlackBerry has been a [frustrating technology stock to own](#) over the past three years, even under the solid leadership of CEO John Chen.

As of close on January 9, the stock was trading close to its 52-week lows. Shares dropped to single digits in December 2018 for the first time since the late winter of 2017. BlackBerry stock had an RSI of 43 as of close on January 9, indicating that the stock is not technically oversold as of this writing. Even still, shares look to be trading at a great value in the first month of 2019. Let's explore why.

Strong momentum for the second half of fiscal 2019

With the release of its first- and second-quarter results in fiscal 2019, BlackBerry warned that it would be playing catch up in the second half. In the third quarter, the company reported record high non-GAAP total software and services revenue of \$219 million. Handset revenues reached zero in the third quarter, but CEO John Chen clarified that these revenues had been re-directed to licensing categories.

Overall, Q3 was a positive step forward, as the company delivered growth in software and services revenue, earnings per share, and free cash flow. It reaffirmed its outlook for the remainder of fiscal 2019 and expects total software and services revenue growth between 8% and 10% year over year.

BlackBerry is making big strides in cybersecurity

BlackBerry's cybersecurity arm has strengthened significantly over the last year and half. This is great timing, as there has been [intensified focus on cybersecurity](#) services in the private and public sphere. In November, BlackBerry announced the acquisition of Cylance, an artificial intelligence and cybersecurity leader, for \$1.4 billion. The deal is expected to close next month.

BlackBerry is moving to aggressively market its security software going forward. At the Consumer Electronics Show (CES) in Las Vegas, BlackBerry introduced its software to secure the Internet of

Things (IoT) devices to top manufacturers. According to research firm **Gartner**, the market for IoT devices is projected to grow to 20 billion units in 2020 compared to eight billion in 2017.

BlackBerry has avoided projections when it comes to the sale of its security software in this segment, but its licensing division has emerged as a strong point. Its investment in cybersecurity will propel growth going forward.

Automotive segment advancement is very promising

In the third quarter, BlackBerry reported double-digit growth in its BlackBerry Technology Solutions segment, which was driven by automotive vertical. Last week, BlackBerry announced that the QNX platform for digital cockpits at CES 2019. This means BlackBerry will offer a QNX-based digital instrument and infotainment system that provides access to Android-based applications from a single engine control unit (ECU). With this, BlackBerry hopes to take advantage of a trend to consolidate ECUs with the increase of electronic and software components.

These sales strategies will be put to the test in 2019 and in the next decade. BlackBerry stock has been beaten back largely due to a significant tech sell-off in North America, but this also provides investors with a great opportunity to add shares at a discount.

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aocallaghan

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