



Should You Buy BlackBerry Ltd. (TSX:BB) Stock Ahead of its Next Earnings Report?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock fell 3.19% on March 22. Shares have still climbed 24.8% in 2019 so far. Back in early January I'd suggested that [BlackBerry was a steal](#) priced under the \$10 mark. BlackBerry is set to release its fiscal 2019 fourth-quarter and full-year results on Friday. The stock has rallied nicely since late December, but is it worth buying right now?

In February I [discussed](#) why I thought BlackBerry had already reached high price levels after a one-month surge. However, its long-term potential made it an attractive target. BlackBerry's transition into software has seen it establish a strong footprint in cybersecurity, a market that carries big potential going forward. Unlike automated vehicles, it is also paying big dividends in the here and now.

According to a report from Global Market Insights in early January, the global cybersecurity market is set to grow to \$300 billion by 2024 compared to its \$120 billion valuation at the beginning of 2019. The study noted that cybersecurity attacks on mobile devices increased by 40% in 2017, averaging approximately 1.2 million attacks per month.

BlackBerry has long boasted that it had the most secure mobile phones in existence. Since moving its focus to software, the company has continued to offer top-end encryption security. The company's reputation has driven public and private entities to seek mobile security with BlackBerry. In 2017 the company won rights to sell tools for encrypting phone calls and text messages for the U.S. federal government. It even won an endorsement from the National Security Agency (NSA) for its products.

In early March, BlackBerry announced that it would establish BlackBerry Government Solutions; the subsidiary will operate in the United States and ensure that its products meet ever-stricter U.S. requirements for secure cloud-based services.

Soaring demand for cybersecurity software into the next decade is going to propel BlackBerry for years to come. The identity and access management (IAM) market is projected to grow at a compound annual rate (CAGR) of 17% over the forecast timespan given by Global Market Insights.

We recognize BlackBerry's long-term potential, but what should investors expect out of its next earnings report? In the third quarter of fiscal 2019, BlackBerry reported record non-GAAP total software and services revenue of \$219 million, driven by strong growth in its BlackBerry Technology Solutions division propelled by the automotive vertical.

For the rest of the fiscal year BlackBerry forecast software and services billings growth in the double digits. It also projects software and services revenue growth between 8% to 10% over the prior year. Free cash flow is also expected to be positive for the full year.

BlackBerry stock is trading near the middle of its 52-week range. The stock was technically overbought for the first half of March, but it had an RSI of 54 as of close on March 22, putting it in neutral territory ahead of its next earnings release. BlackBerry looks more like a hold ahead of Friday.

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