



## Has BlackBerry Ltd (TSX:BB) Finally Turned Things Around?

### Description

Long gone are the days when **BlackBerry Ltd** ([TSX:BB](#))([NYSE:BB](#)) was a household name in the smartphone industry. The Company was left in the dust by various competitors, fell from grace, and shed a significant percentage of its share value over the years. BlackBerry had to reinvent itself to remain on the map, not an easy task. The Ontario-based firm became an enterprise software company. Though the road has been long and arduous, BlackBerry finally looks like it's making a comeback.

### Recent financial results

BlackBerry has been plagued by awful financial results since the early 2010s. Between 2011 and 2018, the company's revenue declined every single year for a total decline of about 95%. BlackBerry's incurred a net loss in each year between 2013 and 2017. After several futile attempts at revitalizing its smartphone business, BlackBerry finally decided to discontinue it once and for all and focus on its new line of business.

Since Q4 2017, the company's net losses have been shrinking and [finally turned into a net income last year](#). This growth has been driven primarily by the company's software and services segment, which now makes up more than 80% (and at times well over 90%) of BlackBerry's revenue. BlackBerry's legacy device segment, on the other hand, has steadily shrunk and currently makes up less than 10% of its revenue. That is good news for both the company and its shareholders.

### Can the resurgence continue?

One of the keys to BlackBerry's resurgence has been astute acquisitions. The company acquired several smaller software firms that landed it on the map of potential customers. These included the acquisition of **Good Technology**, a mobile technology provider with thousands of clients worldwide. More recently, BlackBerry acquired **Cylance**, a provider of cybersecurity services. BlackBerry's new line of business also garners significantly higher margins than its legacy device business did.

One obvious argument one might bring up against the possibility of BlackBerry turning things around is competition. Though the firm managed to dip its toes in new waters by way of acquisitions, it remains to be seen whether it can gain a market share that's significant enough to maintain its current momentum or even keep earnings afloat. While analysts expect the company's earnings to continue rising — at least for the next few quarters — anything beyond that is pure speculation.

## Should you buy?

While I recently purchased shares of BlackBerry, I suspect most investors are a bit more risk averse than I am. Though the firm is experiencing a bit of a renaissance, it has yet to prove that it can remain consistently profitable. Further, BlackBerry's valuation metrics do not look good. The company's stock is currently trading at 76 times future earnings.

A P/E that high can only be justified if there are good reasons to think the company's earnings will skyrocket in the future, which isn't the case for BlackBerry. Some investors may decide to take a chance on BlackBerry, but for everyone else, it is probably best to wait until the company has proven it is here to stay.

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