



3 Reasons to Buy BlackBerry (TSX:BB) in September

Description

When this year kicked off, I'd discussed three reasons why I thought **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) was a [major steal](#). At the time, the stock was priced under the \$10 mark after a broad market rout that had rattled the technology sector. Shares enjoyed a nice run-up into late March, receiving a big boost after the release of its full-year fiscal 2019 results.

BlackBerry stock has fallen 13.8% over the past three months. Shares have now dropped 5.8% in 2019. I still like the stock as we start off September, and today we're going to explore a few reasons why. Let's jump in.

The stock offers nice value right now

Shares of BlackBerry possess a high price-to-earnings ratio of 34 but a favourable price-to-book of 1.4. The stock is now trading close to its 52-week low and closed out the month of August at a price of \$9.14. BlackBerry hovered around technically oversold territory for the bulk of July and August, and it has failed to generate momentum into the late summer. At a glance, the stock looks like a bargain pick-up.

Growth looks promising after Cylance acquisition

The stock took a hit after the release of its fiscal 2020 first-quarter results, but this was unwarranted. BlackBerry acquired Cylance, an [AI-powered security firm](#), back in late 2018 for \$1.4 billion. BlackBerry established a new unit as part of this integration: BlackBerry Cylance.

This segment generated \$51 million in revenue in Q1 fiscal 2020. CEO John Chen said that the acquisition would be fully integrated at the end of the current fiscal year. Part of the next phase will be putting Cylance AI technology on the automotive platform, the QNX. The company is forecasting non-GAAP revenue growth between 25% and 30% in its BlackBerry Cylance unit.

BlackBerry's revenue projections were the catalyst for its stock spike back in March. That forecast is

undimmed. It projects second-quarter non-GAAP revenue growth between 23% and 27%.

Enticing outlook on the macro side

Since its shift to software, BlackBerry has gained notoriety for its comeback potential. It has managed to carve out a nice footprint in the cybersecurity and automotive vehicle space. Both sectors are set for big growth in the years and decades to come.

A recent report from Data Bridge Market Research projected that the global automotive software market will grow to a value of approximately US\$71 billion by 2026. This would represent a CAGR of 18% from 2019 to the end of the timeframe. Verified Market Research projected that the global cybersecurity software market will reach US\$300 billion by 2025, representing a CAGR of 10% from 2018 to 2025.

BlackBerry is a buy under \$10

Just like in January, I'm high on BlackBerry priced under the \$10 mark in early September. Investors who are looking for a discounted tech stock should consider this potential discount right now.

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