



Why BlackBerry (TSX:BB) Stock Will Soar in the 2020s

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock was a frustrating hold in 2019. Shares started strong in January 2019, as BlackBerry appeared to be moving with the broader market rebound after a sharp drop to conclude the previous year. Unfortunately, this momentum would not last. BlackBerry stock suffered a series of setbacks, but I'd suggested that investors should [move in to buy the dip](#).

The company's stock has dropped 13.9% year over year as of close on January 10. However, shares have surged 26% over the past three months. BlackBerry released its fiscal 2020 third-quarter results on December 20. This report injected some enthusiasm back into the stock for the first time since the early part of 2019.

Total non-GAAP revenue rose 23% year over year to \$280 million. Software and services non-GAAP revenue increased 26% from Q3 FY 2019 to \$275 million. BlackBerry reported \$40 million in revenue from the recently acquired Cylance, a California-based cybersecurity and artificial intelligence business. The company beat out analyst revenue projections for the quarter, which spurred the stock to rise after earnings.

Shares of BlackBerry had an RSI of 67 as of close on January 10. This puts the stock just outside technically overbought territory, which means it is pricey right now. Even still, I like BlackBerry as a long-term pick to kick off this decade. Let's go over two reasons why BlackBerry is worth trusting in the technology sector.

One growing defence subsector

Last week, I'd discussed why investors should look for [exposure to the defence sector](#) in their portfolios. This rang especially true, as tensions between the United States and Iran have risen to dangerous levels to start the year. Military spending has ballooned on a global level, and investors need to take note of this trend.

Cybersecurity is one of the fastest-growing subsectors in defence. Militaries across the globe are investing billions to bolster their cyberwarfare and defence capabilities. In the summer of 2017, the

United States Cyber Command was elevated to the status of a full and independent unified combatant command.

BlackBerry is a big player in this sector. In March 2019, BlackBerry established a Washington, D.C.-based subsidiary called BlackBerry Government Solutions to strengthen its ties to U.S. federal agencies. *Fortune Business Insights* projects that the global cybersecurity market will reach \$289.8 billion by 2026, which would represent a CAGR of 10.6% from 2018 to 2026.

The rise of automated vehicles

The self-driving vehicle market is expected to experience a huge expansion in the coming decades. A recent report from Kenneth Research estimates that the global self-driving car market will expand at a CAGR of 36.2% from 2018 to 2023. This is another area BlackBerry has penetrated in recent years.

By the summer of 2019, BlackBerry's QNX software had expanded to over 150 million vehicles worldwide. Automakers are using the QNX system for driver-assistance systems, digital instrument clusters, connectivity modules, and handsfree and infotainment systems. Global Market Insights forecasts that the automotive software market will surpass \$52 billion by 2025, representing a CAGR of 18% from 2019 to 2025.

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aocallaghan

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