



Is BlackBerry (TSX:BB) a Millionaire-Maker Stock?

Description

Canadian tech stocks like **Shopify** and **Kinaxis** have been stars on the TSX this year. However, some tech stocks have been a [source of disappointment](#) for shareholders. **BlackBerry (TSX:BB)(NYSE:BB)** started as a hardware giant and has successfully transitioned to the software space. Its shares have dropped 25% in 2020 as of close on July 14. Can BlackBerry stock make you a millionaire in the years to come?

Why I was bullish on BlackBerry stock when this year started

Back in January, I'd discussed why I had a [very positive outlook for BlackBerry stock](#). The company entered this new decade with some promising momentum. It had established itself as a top player in the burgeoning cybersecurity sector. Meanwhile, its QNX software holds huge potential in the automated vehicle market. The 2019 acquisition of Cylance looked like a big step forward for BlackBerry.

Unfortunately, like many Canadian companies, BlackBerry has faced headwinds due to the COVID-19 pandemic. Its core business is largely shielded from the effects of the pandemic. However, slower activity in the automobile sector poses a threat to its bottom line. These realities drove some investors away from BlackBerry stock in the spring of 2020.

Can this tech stock make you rich in the 2020s?

BlackBerry released its first-quarter fiscal 2021 results on June 24. Total non-GAAP revenue fell to \$214 million compared to \$267 million in the prior year. However, recurring non-GAAP software product revenue increased 90% year over year. The company did not provide financial guidance for the full year due to uncertainty surrounding the COVID-19 pandemic.

Macro headwinds in the auto and other embedded sectors weighed on the company's earnings in Q1 FY 2021. Management did say that BlackBerry was starting to see signs of recovery. Meanwhile, BlackBerry reported strong demand from customers on its enterprise front. BlackBerry is still in a great

position to benefit from “secular trends of securing and connecting endpoints.”

The cybersecurity sector had a strong second half in the 2010s, and it still looks promising in the beginning of this new decade. Cybersecurity Ventures, a specialized market researcher, projects that global spending on cybersecurity products and services will exceed \$1 trillion over the five-year period from 2017 to 2021. Better yet, Global Market Insights forecasts that the automotive software market will surpass \$52 billion by 2025. This would represent a CAGR of 18% from 2019 to the end of the projected period.

Verdict: Is BlackBerry stock a buy today?

Shares of BlackBerry are currently trading near the middle of its 52-week range. The stock last had a favourable price-to-book value of 1.3. Moreover, BlackBerry possesses an immaculate balance sheet. This means it is equipped to weather turbulence in the current environment.

BlackBerry has been a frustrating stock to own in recent years. This is not a tech stock that is going to reap massive rewards for investors in the near term. However, for those with the patience, BlackBerry still holds promise due to its presence in these attractive spaces.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Tech Stocks

Date

2025/08/21

Date Created

2020/07/18

Author

aocallaghan

default watermark