



Why BlackBerry (TSX:BB) Stock Is a Top Stock to Buy in Q4 2020

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has had a rough ride. But Q4 2020 is fast approaching. And this has me thinking about the best investing moves for the remainder of 2020.

BlackBerry stock is at the top of my list. It is a tech stock that is finally on the cusp of good things. Read on for the reasons why BlackBerry is a top stock to buy in Q4 2020.

BlackBerry is shaping the new world

In the new world, cybersecurity and machine-to-machine connectivity are major themes. In fact, these industries are entering a major growth phase. And it is growth that will be sustained. As these secular trends intensify, BlackBerry stock will benefit enormously.

BlackBerry participates in both of these industries in a big way. We can see this in the company's recent quarterly update. BlackBerry is seeing growing customer demand, and its cybersecurity offering posted 23% billings growth. New high-profile customers, such as the U.S. Air Force, were added. Also in high demand is BlackBerry's new Managed Detection and Response (MDR) product. The market growth here is 16%, with annual revenue expected to hit \$2 billion by 2024.

Demand growth for cybersecurity will grow at a healthy clip, as remote working increases. In fact, research suggests that the global cybersecurity market will to grow from \$149 billion in 2019 to \$210 billion in 2023. We have already seen [cybersecurity stocks rally](#) as a result.

BlackBerry is driving change in the automotive industry

[The pandemic has hit auto production](#) and BlackBerry's QNX business hard. But this has not changed the long-term, bullish outlook on BlackBerry's auto software business. It is widely expected that the global market size will increase threefold in the next five years. The value of the market was more than \$60 billion in 2020. It should be worth more than \$180 billion by 2025. Recent troubles notwithstanding, BlackBerry's QNX business remains attractive.

BlackBerry's CEO recently shared some positive news on this front. He is very optimistic that revenue at QNX will grow sequentially. And that it will be running at close to normal by the end of the year. The problem here has been coronavirus disruptions. But regardless, I strongly believe that this business will be a booming one for BlackBerry.

The latest company update drives this fact home.

BlackBerry is financially sound and strategically well positioned

BlackBerry has \$977 million in cash on the balance sheet and is free cash flow positive. While management did not give specific guidance, they did provide some colour for the year. Total revenue should hit \$950 million. The expectation is that BlackBerry will remain free cash flow positive, and all business lines will see modest growth.

The coronavirus pandemic disrupted BlackBerry's growth strategy in 2020. But it did not disrupt BlackBerry's strategic positioning. This gets better every day. Its cybersecurity software continues to achieve top certification by various agencies. BlackBerry continues to add major clients to its client list. And the company continues to add leading new software and upgrades.

Foolish bottom line

Q4 2020 is the time to bulk up on BlackBerry stock, as next year will likely be a very strong one for the company. In fact, its cybersecurity and auto software businesses are ramping up for growth in the new environment. This environment will see an increasing need for cybersecurity as well as the digitization of automobiles. BlackBerry stock will thrive on this.

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