



Will BlackBerry (TSX:BB) Stock Be the Best Investment of 2021?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock flies under the radar. Most people think the company still makes smartphones. What they don't know is that this company has *totally* reinvented itself.

Right now, BlackBerry has multiple bets on rapid-growth markets that could turn a \$1,000 investment into \$10,000 or more. Few investors are paying attention, but this could prove the best investment of 2021.

Get in early

Why should you take a bet on a company that will grow in 2021? Why not stick with [2020 winners](#)?

BlackBerry is a tech stock focused on one of the most lucrative segments: cybersecurity software. This market is growing like a weed, and valuations are commensurately high.

For example, **CrowdStrike** trades at 44 times sales. That's a hefty price tag, until you realize sales have *doubled* every year since 2017. The cybersecurity software market is a gold mine if you can figure out how to tap it.

As a new industry player, BlackBerry's valuation is deeply discounted. Shares trade at just 2.7 times sales. That's 90% *lower* than peers like CrowdStrike.

The rewards for getting in early are clear, as you benefit from two tailwinds.

First, you win when the valuation multiple trends towards the industry average. BlackBerry may never reach the levels of CrowdStrike, but it would be very reasonable to expect shares to trade at 10 times sales. That's where much of the industry trades, and still represents 200% upside through multiple reversion alone.

Second, you're able to buy these high-growth rates at low-growth prices. As the company ramps up its cybersecurity businesses, growth should consistently be in the double digits. Sales growth will only

compound the multiple reversion returns.

BlackBerry stock is ready

The market hasn't figured it out yet, but BlackBerry just finished a multi-year turnaround that will transform the business from a money loser into a true growth stock. This isn't a transition waiting to happen; it's already done.

The company's portfolio of cybersecurity tech already leads the industry in some areas. Its Cylance division uses artificial intelligence to protect endpoints from attack before the attacks even occur. That's useful in high-risk applications with catastrophic costs of failure, like self-driving cars.

Speaking of [autonomous vehicles](#), BlackBerry's QNX cybersecurity platform is already installed in more than 160 million cars worldwide. Nine out of 10 global manufacturers use the platform. As our cars get more connected, BlackBerry is in the lead to provide the cybersecurity component. It could become the **Microsoft** Windows for cars.

The market doesn't trust that the company has turned a corner. That keeps the valuation multiple *extremely* depressed. Once there are signs of growth, expect that valuation gap to narrow quickly.

We may have just reached that milestone. Last week, the company shocked analysts by posting positive organic growth rates. The market was expecting a decline in revenue. John Chen, the company's CEO, stressed that this is a turning point for BlackBerry. The stock popped 10% on the news.

Everything is lining up for BlackBerry stock to have a promising year in 2021. Through multiple reversion or underlying organic growth, there are several ways to win.

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