



Why Is BlackBerry (TSX:BB) Still a Buy?

Description

There seems to be no shortage of pundits lately that have gone bullish on **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). But exactly why is BlackBerry still a buy? Let's try to answer that question and determine whether the one-time king of the smartphone market belongs in your portfolio.

BlackBerry's fall from grace: A quick history lesson

Most people will recognize BlackBerry as the iconic smartphone device maker that predated the launch of both iOS and Android. When BlackBerry couldn't compete with those newer systems, it tried to revamp itself and eventually shuttered its in-house device segment. Following that, the company relied on partners to build and bring to market smartphones with BlackBerry.

Apart from being too little and too late, BlackBerry's devices were grossly underpowered and lacked the features, screens, and software that users wanted. Since then, BlackBerry has moved on in part to focus on security. I say in part because a new device bearing the BlackBerry name (again, built by a partner) could still materialize later this year.

Since then, BlackBerry's attempts at generating a profit have been lacking. The company's forays into autonomous vehicles and IoT are promising. Unfortunately, the former is years out and the latter hasn't gained significant market traction. More importantly, neither represent a viable option to generate sufficient revenue to justify the stock's growth.

What about those earnings?

Speaking of earnings, let's take a look at BlackBerry's latest results. Surely, BlackBerry is back in the black and profitable given its renewed interest and stock growth? Unfortunately, that's not the case either. Coincidentally, BlackBerry provided results for the most recent quarter this past week. In that first fiscal quarter, BlackBerry reported a loss of US\$62 million, or US\$0.11 per share.

Overall revenue for the quarter came in at US\$174 million. While the losses were lower than expected,

it hardly justifies the meteoric rise of the stock in 2021. As of the time of writing, [BlackBerry is up](#) a whopping 72% year to date. Oh, and compared with the same quarter last year, BlackBerry's revenue has dropped 16%. Ouch.

Is there any potential? Is BlackBerry still a buy?

Despite all of the above, BlackBerry is a unique investment for long-term investors. On the automotive front, BlackBerry's QNX system is already installed in well over 130 million vehicles around the world. For those that are unaware, QNX is a secure, stable operating system. BlackBerry hopes that QNX can be leveraged to make autonomous driving a reality. Given the sizable share of the market that BlackBerry already commands in the automotive space, that could become a reality.

The real question for investors is *when*. BlackBerry has been working on its autonomous program for several years, and there is little to show in terms of how this can help generate revenue for the company.

In other words, as intriguing as that potential long-term growth may sound, there are [far better options](#) on the market to consider at this point.

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