



## BlackBerry Stock: Should You Buy This Canadian Tech Company Today?

### Description

Shares of Canadian tech company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) have taken investors on a roller-coaster ride in the past decade. BB stock fell from a record high of \$242 in July 2007 to \$6.25 a share in September 2012. The company, which once was a leading mobile device manufacturer, faced [competition from tech giants](#) such as **Apple** and **Samsung** as well as from several emerging players arising out of China.

BlackBerry was forced to exit the smartphone market a few years back, and the company decided to pivot towards providing enterprise-based software and security solutions. However, investors are patiently waiting for a turnaround in BlackBerry stock, but the company has consistently failed to deliver on its promises.

Despite being part of several growth markets, BlackBerry sales have declined from US\$932 million in fiscal 2018 to US\$893 million in fiscal 2021. Analysts expect sales to fall by 15% to US\$781.5 million in 2022 and increase by 24.6% to US\$974 million in 2023.

### BlackBerry stock has gained 56% year to date

While BlackBerry stock is up over 50% in CY 2021, investors should note that these gains have been fueled on the back of multiple short squeezes orchestrated by a group of retail traders on social media platform Reddit. This makes BB stock vulnerable in case of a broader market selloff if markets turn turbulent.

In the first quarter of fiscal 2022 ended in May, BlackBerry's sales were down 15.5% year over year at US\$174 million. Sales from its cybersecurity business also fell by 10% to US\$107 million, and this is a worrying factor for long-term investors. BlackBerry aimed to gain massive traction in the rapidly growing cybersecurity vertical after it acquired Cylance two years back.

However, it seems BlackBerry is losing market share in a segment that is expanding at an enviable pace. For example, **CrowdStrike**, which also provides endpoint protection solutions to enterprises, saw its sales rise by a stellar 70% year over year to US\$302.8 million in its most recent quarter.

## IoT and QNX key for BB stock

The weakness in cybersecurity sales was offset by a strong performance in BlackBerry's IoT (internet of things) business that includes QNX, which is an embedded operating system. In Q1, IoT sales were up 48.3% year over year at \$43 million due to the deployment of QNX in vehicles. According to a report from Strategy Analytics, QNX has been embedded in 195 million vehicles.

BlackBerry recently disclosed a partnership with **Amazon** Web Services to create and launch IVY, another software platform, which will exchange and manage vehicle data in a secure environment. IVY is expected to launch in early 2022; it will allow automobile players to reduce costs and monetize additional services.

Cybersecurity sales accounted for 61.5% of total revenue in Q1, and BlackBerry should focus on improving this vertical significantly to regain investor confidence. BlackBerry continues to post [an operating loss](#) that stood at US\$98 million in fiscal 2021, which was narrower than a loss of US\$183 million in 2020.

BlackBerry stock is valued at a market cap of \$6.22 billion, which suggests its forward price-to-fiscal-2022-sales multiple is eight, which is extremely steep for a company grappling with falling sales and negative profit margins. Investors should be wary of BlackBerry stock right now.

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**Date**

2025/07/03

**Date Created**

2021/09/09

**Author**

araghunath

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