



Should You Buy BlackBerry Stock ahead of 2022?

Description

There seems no respite for **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) investors. BB stock has been lingering around \$12 to \$14 levels since the meme stock rally faded early this year. However, it looks like the fundamentals-driven rally in BB could still be a distant dream.

Will BB stock ever recover?

BlackBerry is a \$6.8 billion tech company that operates in the cybersecurity and Internet of Things (IoT) verticals. The cybersecurity segment contributes around two-thirds of the consolidated revenues, while IoT is responsible for 23%. The licensing vertical makes up the rest.

BlackBerry reported its fiscal third-quarter earnings on December 21. The IoT (Internet of Things) and cybersecurity company BlackBerry reported US\$184 million in revenues for the quarter that ended on November 30, 2021. This was a decline from US\$218 million from the same quarter last year.

On the earnings front, BlackBerry [reported](#) a net income of US\$74 million in the latest quarter relative to a US\$130 million loss in the same period last year. Since 2016, BlackBerry's revenues have de-grown by 20% compounded annually.

From a smartphone maker to cybersecurity and to software for cars; BlackBerry has taken quite a few efforts of a business overhaul since the last decade. Moreover, it operates in some of the trending, fast-growing areas like IoT and cybersecurity. However, its declining revenues might concern investors.

BlackBerry QNX saw significant developments recently. BMW has partnered with BB for its QNX technology to develop new level 2 and 2+ autonomous drive systems. Its QNX operating system for cars is already embedded in 200 million cars globally and could be a key growth driver in the future.

BlackBerry has been betting big on its marker QNX tech. In the latest earnings call, it announced that the company is expanding the headcount in QNX driven by strong demand. Management clarified that supply chain issues would likely continue to dent vehicle production volumes next year as well. However, the company sees the impact lessening on QNX going into Q4 compared to Q3 2021.

BlackBerry stock: Valuation and growth prospects

BB stock had a terrific start to 2021. The meme stock rally took it from \$8 to \$36 in just a few weeks. But, as the rally was not backed by fundamentals, the stock soon fell to its customary range of around \$12. BlackBerry stock has soared more than 30% this year, beating [TSX stocks](#) at large.

The stock is currently trading nine times its sales and looks stretched from the [valuation standpoint](#). Importantly, valuation concerns and declining financial growth could hinder the stock's growth in the medium to long term.

Interestingly, BlackBerry's addressable market is huge and IoT and cybersecurity areas offer [appealing growth prospects](#). However, it will be interesting to see how it expands its market share and how that gets converted to the company's financial growth.

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Author

vinitkularni20

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