



1 IoT Solutions Provider Could Outperform BlackBerry (TSX:BB)

Description

[Technology stocks](#) aren't doing very well in 2022, including the rejuvenated **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). Nevertheless, the smartphone maker turned intelligent security software and services provider has turned the corner and forecasts revenues to double over the next five years.

The news might not be inviting to some investors who have been waiting too long for a takeoff. As of this writing, the tech stock trades at a deep discount (\$7.69 per share) and continues to underperform (-34.94%). Meanwhile, **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)) could steal the thunder from BlackBerry in the connected economy.

Sierra is doing far better this year with its 23.41% year to date. Also, its strong sequential and year-over-year growth in Q1 2022 should impact people looking for visible growth in fewer than five years. In 3.01 years, Sierra's total return is 54.61% (15.59% CAGR) compared to BlackBerry's -32.37% (-12.19% CAGR).

Ambitious revenue projections

BlackBerry banks on its two core business segments to drive long-term growth, although management expects IoT to outpace cybersecurity. It also forecasts BlackBerry's revenues to reach US\$886 million in fiscal 2025 before rising to US\$1.2 billion in fiscal 2027. The company's revenue projections translate to a 13% CAGR.

While cybersecurity's revenue is likely to increase 61% to US\$770 from fiscal 2022 to fiscal 2025, CAGR is less than the 20% projection for IoT. Moreover, the \$4.43 billion company targets a 100-basis-point average increase in adjusted (non-GAAP) gross margin annually by fiscal 2027.

Besides investing 30% of revenue in R&D in 2023, BlackBerry expects to generate positive adjusted earnings per share and cash flow starting in 2025. On May 18, 2022, management announced a multi-year agreement with a Canadian firm. BlackBerry and **Magna International** will collaborate to provide integrated Advanced Driver Assistance Systems (ADAS) solutions.

Both companies expect the partnership to provide them with a competitive advantage. Likewise, the global ADAS market should see significant growth in the next 10 years, as more OEMs launch vehicles with ever-expanded feature sets. Investors hope BlackBerry will not disappoint like before and deliver on its promises.

Head start

While BlackBerry is projecting revenue growth down the road, Sierra Wireless's revenue growth in IoT solutions in Q1 2022 versus Q1 2021 was 79%. Also, the net loss of US\$12.67 million for the quarter was 58% lower compared to a year ago. The IoT solutions of this \$1.05 billion company combine devices, network services, and software to unlock value in the connected economy.

Apart from IoT, Sierra provides Enterprise solutions that continue to experience strong demand for routers in key industrial and public safety verticals. The company caters to clients across various industries, including industrial manufacturing, energy & natural resources, and transport & logistics, among others.

Sierra expects revenue between US\$160 million and US\$175 million in Q2 2022, or 20% higher than in Q2 2021. Management is confident that the strong demand and its investments in inventory can combat the industry-wide tightness in supply.

Better deal

The markets where BlackBerry and Sierra Wireless operate are volatile but fast growing. However, Sierra has the edge, because BlackBerry is still in transition mode. Furthermore, if stock performance is the gauge, you already know which one is the better deal.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:SW (Sierra Wireless)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. cliew
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/06/30

Date Created

2022/05/24

Author

cliew

default watermark

default watermark