



Will BlackBerry Stock Recover in 2023?

Description

Many expect growth stocks to change course this year. But honestly, they might continue to trade subdued, at least in the first half of 2023. Canadian cybersecurity stock **BlackBerry** ([TSX:BB](#)) lost 55% of its value last year and does not seem ready to take off just yet. While some tech names could rally later in the year as the macro picture eases a bit, BB stock might keep trading muted due to its fundamental challenges.

What's next for BB stock?

BlackBerry stock plunged to its multi-year lows of \$4.30 per share in the last week of 2022. The stock may look appealing from a valuation standpoint after such a massive correction. However, the stock is down for a reason. Apart from the rate hike and inflation woes that pulled broader markets down last year, BlackBerry's poor financial growth has been a key reason behind its fall.

For the latest reported quarter, it posted revenues of US\$169 million, a drop of 8% year over year. It has seen concerningly declining revenue growth for the last several quarters. For the same quarter, it reported a net loss of US\$4 million against income of US\$74 million.

BlackBerry has seen a sharp turnaround from being a smartphone maker to a cybersecurity and IoT (Internet of Things) company today. However, it still has a lot of ground to cover to achieve consistent long-term profitability in both these segments.

It might take time for BB to turn into a fundamentally attractive investment. Consistent revenue and profit growth will be keys to that. For 2023, management has already given a gloomy outlook while facing macroeconomic headwinds. Higher interest rates amid record-high inflation will likely fuel volatility in broader markets.

Plus, tepid growth in automobile markets could dent its IoT revenues, while lower spending in tech might weigh on cybersecurity revenues. So, BB might actually see a faster decline in its topline this year.

BB stock looks like a high-risk bet with poor return potential, at least in the short term. Investors would be better off with some peer tech stock that offers attractive return prospects.

Here's one fast-growing [TSX tech stock](#) Canadian investors can consider.

Constellation Software

While Canada's tech sector fell 30%–50% last year, **Constellation Software** ([TSX:CSU](#)) stock fell only 4%. The relative outperformance has been the result of its unique business model and consistent profitability.

Constellation Software acquires smaller tech companies with leadership positions in their specific domain. With this strategy, it has seen its net income grow 15%, compounded annually in the last 10 years. This consistent superior growth led to massive [shareholder value creation](#).

As a result, CSU stock has returned nearly 2,000% in the last decade. Very few TSX growth stocks managed to deliver such industry-leading growth for this long.

Moreover, CSU remained resilient last year even amid steep macroeconomic challenges, justifying its premium valuation. The stock will likely keep outperforming this year and beyond, mainly due to its expanding portfolio and stellar profitability.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:BB (BlackBerry)
2. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. cleona
2. vinitkularni20

Category

1. Investing
2. Tech Stocks

Date

2025/09/04

Date Created

2023/01/11

Author

vinitkularni20

default watermark

default watermark