Should You Buy BlackBerry (TSX:BB) or Dollarama (TSX:DOL) After Earnings Results?

Description

The phrase "Oh, how the mighty have fallen" could not be applied more readily than to **BlackBerry** (TSX:BB)(NYSE:BB) and **Dollarama** (TSX:DOL).

Both stocks were on top of the world, and it seemed like neither would ever come down. But as we know, that just wasn't the case.

Dollarama hit its all-time high rather recently, reaching $56.06 per share in January 2018 before plunging. BlackBerry has fared much worse, however. The stock traded back in May 2008 at almost $140 per share and has sunk to around $12.50 per share, where it's been for the last seven years.

But both of these stocks have another thing in common: recent good news. The earnings reports have investors wondering, "Are these now a buy?"

BlackBerry

BlackBerry stock has shot up almost 50% since it released its latest earnings and full-year report to the public on Mar. 29. The company has been talking for years about expanding away from its device-only focus. It has since grown in the software and services sector, reporting revenue of almost $250 million and giving investors an EPS of $0.08.

Basically, BlackBerry may as well be a brand-new stock, and investors should be extremely happy about that. It's recently partnered to develop high-net-worth digital security and acquired artificial intelligence and cybersecurity firm Cylance for $1.4 billion, hoping to use the technologies on cars.

So, is now the time to buy or sell? Honestly, the stock is still undervalued. The recent news should show investors that the future BlackBerry has promised is finally here. It's not the time to sell. Rather, it's the perfect time to buy while this stock is so undervalued. At the time of writing this article, it's trading at $12.60, but fair value should be at about $15. If the good news keeps coming, those shares could get much higher, and fast.

Dollarama

Dollarama also saw a jump in share price when it released its earnings report on Mar. 29. The stock leapt from $35.40 to the $37 range, where it's stayed ever since.

The jump came from the company's earnings report that showed it can deliver on investor needs. Dollarama increased its bottom line by about 12%, with revenue up 13%. Same-store sales were also up 2.7%, with the report forecasting growth of 3.5% for next year.

In short, good news! But is now the time to buy? I'm not so sure. While growth is up, it's nowhere near where that growth used to be when shares were trading in the $50s. And honestly, have you been to Dollarama lately? There are hardly any $1 prices left. As Fool writer Karen Thomas points out, this puts the company more in the discount store space, leaving it to compete with a lot more than merely other dollar stores.

Bottom line

If you're going to invest in either of these companies, my recommendation would be to give an edge to BlackBerry over Dollarama. BlackBerry has been posting revenue in a space entirely new for the last few quarters, with this most recent quarter proving that the company is finally taking off again.

Meanwhile, Dollarama just has more to prove before investors can feel safe in this company again. And it may have to go through a BlackBerry-type transformation to accomplish that goal.

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