



TFSA Tech: Double Your Money With BlackBerry Ltd. (TSX:BB) Stock

Description

It's been many years now, and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) is still treading water, even with turnaround artist John Chen at the helm. The smartphone maker turned enterprise software provider continues to make transformative moves, but the stock has yet to sustainably make a move into the green for well over five years now.

Prem Watsa, the man we know as Canada's Warren Buffett, is one of the most patient investors out there, and he's still bullish on the long-term potential of the firm as an enterprise software developer. This raises the questions: just how patient do you have to be for the BlackBerry turnaround to come to fruition? And how would you know if you (and Watsa) are entirely wrong about the company?

Prem Watsa's track record has been horrid of late. But don't tell him that because he could care less about short-term fluctuations in stock prices. But after years in BlackBerry, shouldn't he have at least some gains to show for his patience?

BlackBerry is a tough business to understand

There are still a tonne of moving parts to the business, and as the company continues to reinvent itself, the patience of investors is going to be put to the test.

More recently, a considerable amount of investors threw in the towel on BlackBerry after it clocked in Q2 fiscal 2020 numbers that failed to impress. The company broke even, which was as expected, with lower-than-expected revenues. The real sore spot to the quarter was the lowering of the high end of the revenue growth guidance for the fiscal year 2020.

The guidance downgrade was [more material](#) to the stock than the quarterly results themselves, which weren't bad enough to warrant the massive +20% single-day decline in an already dirt-cheap stock.

There isn't much visibility into the business, but Prem Watsa is holding on for dear life, and I think investors who have a chance to get a better basis than Watsa's original position ought to strongly consider picking up shares today now that the bar has been lowered and the price of admission has

been drastically lowered.

BlackBerry has solid assets and capable managers running the show. It just needs more time to get its enterprise software business back on track, and I think the stock could easily double from \$7 to \$14.

It's hard to maintain patience with the name, but the recent bout of selling activity, I believe, is a severe exaggeration to the downside. The stock now trades at just 1.2 times book and 3.5 times sales, which is plain absurd given the incredible market that BlackBerry's breaking into.

The stock may not find a way out of the gutter over the next quarter or the next year. But at current valuations, I am a massive fan of the [risk-reward](#), so long-term thinkers have my blessing to double-down on the name in your TFSA today.

Stay hungry. Stay Foolish.

CATEGORY

1. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Tech Stocks

Date

2025/07/27

Date Created

2019/11/15

Author

joefrenette

default watermark

default watermark