Is BlackBerry (TSX:BB) Now a Must-Buy Value Stock?

Description

BlackBerry (TSX:BB)(NYSE:BB) stock is a perennial underperformer that's continued to stumble into the abyss over the years, punishing patient, long-term investors who've stayed the course (such as Prem Watsa) with steep losses.

I've noted in the past that BlackBerry is a firm that begs for patience, as the company continues to transform itself for the better. While there has been meaningful progress over the years, the company has suffered its fair share of stumbles along the way, testing the patience of even the most disciplined of investors.

A wonderful (and deeply undervalued) business that needs more time to prove itself

BlackBerry has been carving out a moat for itself within the lucrative cybersecurity, embedded systems, and endpoint management markets, bolstering its portfolio with compelling acquisitions over the years. But for investors, such acquisitions have mostly served to further cloud an already complicated transformative story that already has a lot of moving parts.

There's no question that the BlackBerry story is complicated, and the stock is probably not worth owning for the average retail investor. For those seeking quick gains, the name will likely disappoint over the near term and lead to sizeable losses.

If you're a seasoned deep-value investor with the temperament, the investment horizon, the discipline to buy more shares on weakness, and the time to put in to fully understand the BlackBerry story, though, the stock may represent an opportunity to pay three quarters to get a dollar at today's depressed valuations.

For BlackBerry, the coronavirus pandemic is both a headwind and a tailwind

BlackBerry's earnings come due on June 24, and the company is likely to reveal further impact from the coronavirus. Fellow Fool contributor David Jagielski recently noted that BlackBerry is in a "great position" amid the pandemic, because it provides "valuable services to its clients while also being able to stay flexible."

While BlackBerry's value-adding work-from-home offerings (such as enterprise software solutions and Cylance) may be in higher demand to prospective clients in these times of crisis, I don't consider all of BlackBerry's offerings as easy to adapt remotely compared to the likes of more intuitive platforms like **Shopify**. As such, investors shouldn't expect BB stock to surge like many other cloud stocks with pandemic tailwinds have over the past few months.

For BlackBerry, closing deals may prove to be somewhat more challenging with all the workforces that have opted to stay at home. Moreover, the coronavirus crisis could weigh heavily on BlackBerry's QNX business, which could offset the strength in BlackBerry's work-from-home solutions. But we'll only really find out the extent of the latest coronavirus disruption when the company pulls the curtain on its first-quarter fiscal 2021 results this week.

For now, BB stock remains ridiculously cheap, but it's only worth buying for those who have the conviction to scoop up more shares should they pull back further. The stock currently trades at 1.1 times book, which is a low price to pay for the calibre of assets you're getting from an otherwise complicated story that's become that much more perplexing for many investors amid the coronavirus pandemic.

Foolish takeaway

If you're willing to put in the homework and stay the course with this underperformer, only then do you have my blessing to buy the stock at these depths. While BlackBerry stock is close to the cheapest it's been in recent memory, that doesn't mean shares can't fall lower (perhaps shares will trade at a discount to book again) over the intermediate term.

Personally, I'm willing to wait for the stock to return below the $5 mark before I seriously consider initiating a position in the name.

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