



## BlackBerry (TSX:BB) Stock: Too Cheap to Ignore

### Description

Canadian investors probably remember **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) fondly. A little over a decade ago, its position as a smartphone leader seemed unshakable. BlackBerry stock, meanwhile, was a [millionaire maker](#) for many. Now, it's struggling to turn a profit and has lost nearly 97% of its value since the iPhone was released.

However, BlackBerry stock could now be too cheap to ignore. Here are three reasons I believe value investors need to take a closer look at this former all-star.

### Patents

Two decades as the leader in global smartphone technology comes with certain perks. The company has accumulated over 44,000 patents. Last year, it was granted more U.S. tech patents than any other Canadian tech company. BlackBerry stock doesn't fully reflect the value of the underlying patent portfolio.

Intellectual property can be used to generate revenue in several ways. It can be licensed to third parties or used to collect royalties from partners who borrow the technology. It could also be used in litigation against companies who infringe the patents.

However, I think the basket of patents makes the company an attractive acquisition target for either private equity or technology rivals. This boosts the underlying value of BlackBerry stock.

### New ventures

BlackBerry's acquisition of cybersecurity firm Cylance last year further enhances its value. Endpoint security is a multi-billion-dollar industry that is quickly gaining steam across the world. BlackBerry is well positioned to dominate this market and extract billions in incremental market value.

Meanwhile, the company's artificial intelligence and QNX platforms put it at the epicentre of the autonomous driving revolution. Legacy auto giants could rely on BlackBerry to create their autonomous vehicle's operating systems. This is yet another multi-billion-dollar opportunity.

Any success in these markets could propel BlackBerry stock, which is currently priced at a deep discount.

## Valuation

The ongoing pandemic has created several uncertainties and slowed down auto production. This has dented BlackBerry stock. The price is down 21.5% year to date.

Now, it trades at just three times sales and two times book value. Bear in mind that software patents and the value of the QNX platform isn't fully reflected in tangible book value. In other words, BlackBerry stock is trading at a steep discount to intrinsic value. That should make it an ideal addition to any value-oriented investor's long-term portfolio.

The investment case for BlackBerry stock is pretty compelling. It could be the reason why savvy investors like Prem Watsa have been so dedicated to it. The stock has been a permanent fixture of Watsa's portfolio for years, and the billionaire seems to have complete confidence it will eventually deliver results.

## Bottom line

After years of wealth destruction, BlackBerry stock finally seems to have bottomed out. The company's market value doesn't fully reflect its robust patent portfolio and prospects for future growth. The company has a genuine shot at being a cybersecurity leader. It could also be a pivotal position in the emerging self-driving car industry. Both are multi-billion-dollar industries.

I believe BlackBerry stock is the perfect addition to any value-oriented portfolio.

## CATEGORY

1. Investing
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