



BlackBerry (TSX:BB) Stock's Rebound Could Be Epic!

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock is not for the faint of heart. Shares of the security software and enterprise service software provider demand a ridiculous amount of patience from investors. Although the firm is on its way to becoming the next big tech service kingpin, there have been considerable bumps in the road, and the rough terrain may not be over with yet.

Moreover, a slew of acquisitions has made the firm that already has a lot of moving parts that much harder to understand for investors to value. The [value](#) to be had in BlackBerry stock is real, but not everybody has the temperament or the time horizon to get the most benefit from shares, as the firm's transformative story has been less than smooth over the years.

For those willing to hold onto the name despite any setbacks, headwinds, or company-specific challenges, the rewards have the potential to be epic, if not profound; shares of BlackBerry could correct to the upside, as the company inches closer towards its generational turnaround.

When is BlackBerry stock's epic turnaround going to happen?

That's the million-dollar question.

If you're a long-term investor with years, if not decades, to invest (like Prem Watsa, one of the most patient investors of our time), you won't have to know precisely when the turnaround will happen if you've got confidence in the management team running the show.

CEO John Chen has a history as a turnaround artist, and although it looks like he's dropped the ball with BlackBerry, I'd say that even after several years of transformative efforts, it's still far too early to say that BlackBerry is a dud, even though its long-term stock chart would surely be suggestive of such.

In due time, I see headwinds fading and tailwinds taking their place, but in the meantime, BlackBerry investors are going to need to continue sitting on their hands for months, if not years, before a big payoff.

Canaccord Genuity: “Solid” quarter for BlackBerry, but you may want to “hold” before buying

Canaccord Genuity recently reiterated its “hold” stance, stating that BlackBerry needs to provide “more proof” of a turnaround before it’s worthy of a “buy” rating. The company recently clocked in somewhat decent (Canaccord thought it was “solid”) first-quarter fiscal 2021 results, with a major sore spot in its QNX business thanks in part to auto weakness as a result of [the coronavirus pandemic](#).

Canaccord wants to see some execution with the company’s new product roadmap, stable ESS numbers, a QNX recovery, and more apparent cross-selling opportunities. It’s hard to argue with that, and while it may be wise to hold off and wait for further evidence, I think doing so would be leaving a lot of upside on the table, as a slew of analyst upgrades could happen well after a sizeable upside move in BlackBerry stock.

If you honestly consider yourself a long-term investor and would be comfortable buying more shares should they retreat over the next year, only then would I find BlackBerry stock ripe for picking at these levels. Once the BlackBerry ship gets on the right path, the stock could be due for some serious multiple expansion and an explosive rally that could attract the attention of our neighbours to the south.

Foolish takeaway

For a company that has a front-row seat to lucrative tech markets, such as cybersecurity and ESS, BlackBerry stock’s 1.37 times book and 2.84 times sales multiples simply makes no sense. And once the company can get all aspects of its business rolling in the right direction, a multitude of upside could be in the cards, rewarding the patience of investors who’ve stayed the course, despite being proven “wrong” by the stock chart for so long.

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Author

joefrenette

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