



BlackBerry (TSX:BB) Looks Undervalued, but It's Not Yet Ripe for Picking!

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) is a deep-value stock that begs for investor patience. There have been major bumps in the road amid its continued transformation, and to this day, the company has yet to prove itself to investors whose patience continues to be put to the test.

While many of BlackBerry's enterprise offerings have seen some strength amid the pandemic, the weakness in the auto sector has acted as a significant drag on the QNX business. For BlackBerry, this is just another setback that's keeping shares depressed.

Although shares of BlackBerry look severely undervalued based on traditional valuation metrics (shares currently trade at 1.4x book value), there is a severe lack of catalysts that could propel the perennial underperformer out of its funk. And as the pandemic drags on, BlackBerry stock is likely to continue being one of the few underperforming tech stocks on the **TSX Index**.

BlackBerry: A real test of patience

In many prior pieces, I urged only extremely long-term investors to ever consider getting into the untimely stock, as it would likely take many years for the company to get all its segments moving in the right direction.

"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, [though] 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," I wrote in a [prior piece](#).

For most investors who seek timelier opportunities, BlackBerry isn't yet ripe for picking. Of course, I could be wrong if this pandemic were to pass sooner rather than later and BlackBerry's QNX business can bounce back faster than expected.

For now, I remain skeptical over the complicated turnaround story that is BlackBerry. While the

company has the right management team to get the ship headed in the right direction, it could take many more years for the BB stock to sustain a big bounce thanks in part to pandemic headwinds that have hit BlackBerry's end markets.

Not hitting the buy button on BlackBerry

Fellow Fool contributor Andrew Button isn't a fan of BlackBerry stock despite its now depressed valuation metrics.

"As a company, BlackBerry has staged an impressive recovery in recent years. However, its stock largely hasn't followed suit. It's not hard to see why. Although BlackBerry's software products are taking off, the company still isn't profitable," [Button said](#). "Maybe someday BlackBerry will be consistently profitable as a software maker. I'm personally not betting on it."

Button's right on the money and I would encourage investors to look to the many timelier opportunities that exist in this market.

Foolish takeaway

Once BlackBerry can finally prove itself, the stock could yield much fruit for those, like Prem Watsa, who stuck by the company through the good times and bad.

For all others who lack a complete understanding of the company's complex turnaround story, which has been further complicated by acquisitions over the years, consider steering clear of the stock while the auto sector is still under pressure.

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