



BlackBerry (TSX:BB) Stock: Buy Now or Wait?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock has been tough to own for long-term investors. The smartphone-maker turned provider of enterprise software solutions has continued stumbling amid to its continued transformation. The COVID-19 crisis, which has acted as a significant [tailwind](#) for numerous software solution providers, served as a major headwind for BlackBerry, as the slowdown in the auto sector has weighed on BlackBerry's results in the first half of the year.

BlackBerry's end markets have taken a hit amid the COVID-19 crisis, and the longer-term implications remain unclear. A worsening of this pandemic could continue to take a toll on BlackBerry's numbers, but CEO John Chen was upbeat about the company's ability to achieve year-over-year growth come fiscal 2022. Although BlackBerry has abstained from giving formal guidance, as many COVID-hit firms have during this crisis.

Will the patience of BlackBerry investors be rewarded?

That's the million-dollar question. Even the most patient BlackBerry investors have yet to be rewarded, as the stock has been stuck in limbo for many years now. There's no question that shares reek of deep value, but as I've mentioned in prior pieces, BlackBerry is not yet ripe for picking, as the firm has yet to prove itself to investors that it can sustain organic growth over time.

"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," I [said](#).

"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."

Even if you've got the patience of a long-term investor like Prem Watsa, the opportunity costs of being stuck in an untimely play like BlackBerry is pretty high. The COVID-19 crisis is just another thorn in the

company's side, and while the company does have compelling assets as well as a front-row seat to some of the most lucrative areas of the tech (such as IoT and cybersecurity), BlackBerry's complicated growth story is too unpredictable to form a financial model that's of any value.

Foolish takeaway

The COVID-19 crisis took a serious bite out of BlackBerry's gross margins (they fell to 69%) in the first quarter. While there are other businesses (the newly-launched Spark suite of products) that can offset pressures on the company's embedded QNX business, I'd continue to recommend steering clear of the name until further evidence that the firm can grow its organic revenues sustainably.

At the time of writing, shares trade at 1.5 times book value, which, while cheap, may not justify an investment amid mounting macro headwinds.

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