



BlackBerry (TSX:BB) Just Plunged 23% — Buy the Dip or You'll Kick Yourself Later!

Description

Just like that and **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock surrendered a huge chunk of the gains sparked by the big news that the firm had partnered with **Amazon.com** Web Services on its project IVY.

Just three weeks ago, BlackBerry pulled the curtain on some pretty underwhelming third-quarter fiscal 2021 numbers. While BlackBerry did beat on the bottom line, with \$0.02 in adjusted EPS versus the consensus, which called for a \$0.01 per share loss, investors remained unenthused. The results were really nothing to write home about. They were in-line with expectations, and fiscal 2021 guidance didn't get a boost that some investors may have been hoping for.

BlackBerry stock back on the retreat

Just as quickly as BlackBerry returned to the [spotlight](#), it's now back in the gutter, with shares that are now back in nosedive mode. Are investors discounting the longer-term impact of project IVY and the continued recovery in QNX? Or is BlackBerry stock destined for another year of underperformance, as the company struggles to prove itself to investors?

RBC Capital recently maintained its "sector perform" rating on BB stock, with a US\$7.50 (around CA\$9.50) price target and modestly bullish tone. For now, RBC isn't ruling out an upwards valuation re-rating. But of course, BlackBerry may need more time to show everyone that it can sustainably get its enterprise software segment back into full-on growth mode.

BlackBerry stock: Analysts reluctant to upgrade

Given that BlackBerry has been a perennial underperformer that hasn't rewarded its more patient, longer-term shareholders, it's not a mystery as to why analysts are holding off on upgrading the name. Out of three analysts covering the name, all have hold ratings, with the average price target just north of the \$10 mark.

While BlackBerry could have a multitude of upside if it can get all of its businesses back on track, I'm also not so sure how long-continued transformative efforts will take. As such, I'm also in no hurry to buy BB stock despite the jaw-droppingly low valuation.

At the time of writing, BB stock trades at 2.1 times book value and 3.9 times sales. That's cheap for a stock that effectively gives you a front-row seat to some of the hottest tech sub-industries out there. While shares may be dirt cheap, there's really no telling how long you'll have to wait before your BlackBerry stock finally yields meaningful fruit.

As such, only patient investors like Prem Watsa have what it takes to hang around long enough before BB stock has a chance to be re-valued to the upside. If you're a believer in CEO John Chen, BlackBerry definitely seems like a great long-term buy and hold.

For everyone else, the stock is only likely to lose money, as short bursts of momentum have tended to follow disastrous plunges. Some way or another, BlackBerry always happens to fade into the background, even after needle-moving announcements.

Should you throw in the towel?

Fellow Fool [Chris MacDonald](#) seems to think that future updates on project IVY could give a sustained lift to BlackBerry stock at some point down the road. I think he's right on the money. As shares continue to retreat, you may have a chance to get in on the stock, with potential IVY tailwinds thrown in for free.

As long as you're not just looking to make a quick buck, only then do you have my blessing to get into the name that begs for investor patience. BlackBerry is a strong buy, but with a caveat. You've got to have a time horizon of at least three years.

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