BlackBerry Stock Just Plunged 10%: Time to Get Greedy?

Description

Don't look now, but shares of **BlackBerry** (TSX:BB)(NYSE:BB) are under considerable pressure following the release of some less-than-stellar earnings. The stock ended Wednesday's trading session down 10.5%, bringing BB shares down a total of 67% down from their January peak. If you chased the name when WallStreetBets was driving up the stock, you took a major hit to the chin.

This latest quarterly fumble is just another one of many in a pandemic-plagued year. Even for the most patient of long-term investors, it's tempting to throw in the towel on the name. BlackBerry is dragging its feet once again, and with little hope of another WallStreetBets-driven rally, is it time to move on? Or should take a page out of Warren Buffett's playbook by being greedy now that most others are fearful over the name?

BlackBerry stock goes bust — again

If you missed the chance to take profits back at the start of the year, I think it's too late to sell, especially if you're looking at considerable losses. Unlike most other plays on WallStreetBets's hit list, BlackBerry has the most promising fundamentals and a more realistic turnaround story. The former smartphone darling has made the dive into enterprise software, and although organic growth leaves a lot to be desired, I think it'd be a mistake to give up on BlackBerry CEO John Chen. The man can turn the ship around, but it could take another few years' worth of patience.

Short-term investors need not apply!

If you're willing to buy and hold for the next five years at minimum, only then would I look to back up the truck on this latest post-earnings dip.

Although shares are off a country mile away from their 2021 highs, it's important to note that shares are still up 123% over the past year, leaving BlackBerry stock at risk of more downside over the near term.

If you're unrattled by volatility and are relishing the opportunity to accumulate more shares should they enter the single digits once again, BlackBerry stock looks to be a great bargain at just $10 and change, even with another brutal quarterly result in the books.

BlackBerry posts another underwhelming quarter

BlackBerry's fourth-quarter fiscal 2021 results had some hair on it, but I'm not so sure if they were bad enough to warrant a 10% single-day drop.

Revenues came in at $215 million, missing the mark, which called for $247 million. The top-line miss was thanks in part to the loss of licensing revenues due to patent sales. There was modest weakness across the board, with software and services also coming just below expectations.

The firm also stated that it's entering negotiations to sell some of the patents in its portfolio, specifically those relating to wireless tech, mobile devices, and messaging. In a recent note, RBC Capital Markets stated that BlackBerry's portfolio of patents could be worth around $1 billion. RBC believes that the current share price already reflects the estimated value of said patents.

RBC has an underperform rating, with a $7.50 price target, implying around 29% worth of downside from current levels. Other sell-side analysts aren't too bullish on BlackBerry stock here either, with sell and hold ratings across the board.

Should you buy BlackBerry now?

Personally, I'd prefer waiting for more of a pullback towards the $5-6 range, which could be in the cards, as Mr. Market continues to punish growth stocks. If you're keen and are willing to dollar-cost-average into a full position over time, I'm certainly not against getting in here.

Just be ready for pain, because almost everybody on Bay and Wall Street seems to hate the name. They'd rather wait until the company can show more evidence of meaningful organic growth. I'd say it's hard to argue with that. As such, I certainly wouldn't rush to get into the name after its post-earnings plunge.

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