



## Could BlackBerry (TSX:BB) Rebound in 2021?

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock has been trending lower in recent weeks after a spike to 52-week highs of \$36. Amid the 60% pullback from its peak, the stock is still up by more than 20% year to date. Reddit users have clearly lost interest here.

But does this pullback make the stock an [attractive value play](#) yet again? Here's a closer look.

### BlackBerry's pullback

BlackBerry's stock rose to levels not seen in more than a decade, as it became the target of a Reddit-driven short squeeze. However, Reddit's focus has shifted away from most early short squeezes and seems to have consolidated on their favourite stock: **GameStop**.

BlackBerry, meanwhile, has been underperforming on a fundamental level. It reported disappointing fourth-quarter results, which fell below Wall Street analysts.

Lower-than-expected revenue in the quarter has been attributed to ongoing patent licensing negotiations. Net loss in the quarter more than doubled to \$315 million from \$130 million a year ago. Adjusted earnings per share fell 66.7% to \$0.03 a share.

While the disappointing earnings results have weighed heavily on the stock sentiments on Wall Street, they also appear to have dragged valuation to cheaper and enticing levels. BlackBerry is currently trading with a price-to-book multiple of 3.1 and price-to-sales multiple of 5.8.

Those ratios are far below any tech stock in this market environment.

### Growth prospects

The cheap valuation might as well signal BlackBerry is a “buy” on the dip given its tremendous growth prospects. With about \$804 million in cash and cash equivalent, BlackBerry is well positioned to fund its growth initiatives.

Remote working and learning are some of the initiatives likely to fuel demand for the company’s security software solutions. The company has already signed contracts with blue-chip clients to supply them with its software solutions.

In addition, BlackBerry boasts of a significant presence in the automotive industry. Its QNX software is currently running in more than 175 million cars, presenting another unique opportunity for growth.

2021 is likely to be a pivotal year for tech-enabled electric cars. Besides Elon Musk, several traditional carmakers have electric vehicles lined up for release this year. These units are designed to appeal to a younger, more tech savvy demographic, which means BlackBerry’s operating system could play a key role.

Given the multiple growth drivers and cheap valuation, BlackBerry should be an exciting pick for investors eyeing long-term returns.

## Bottom line

BlackBerry stock may be one of the few undervalued tech stocks left. The brand clearly doesn’t evoke excitement from millennial investors, but that creates an opportunity for bargain hunters. The company’s cybersecurity and software solutions have already been deployed in millions of devices and vehicles. Millions more could be deployed later this year.

This is why a rebound in BlackBerry’s valuation cannot be ruled out. Keep an eye on this one.

## CATEGORY

1. Investing
2. Tech Stocks

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1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

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**Date**

2025/09/26

**Date Created**

2021/05/01

**Author**

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