



BlackBerry (TSX:BB) vs. AMC (NYSE:AMC): Which Meme Stock Is Better?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) and **AMC Entertainment Holdings** ([NYSE:AMC](#)) have been seeing significant gains lately. Driven by renewed interest on Reddit's *WallStreetBets*, they've both surged by over 100%. AMC's June rally took it to an all-new high, while BlackBerry's took it about two-thirds of the way to highs achieved in January.

For the year to date, both BB and AMC are up substantially. So far, AMC's gains are beating the heck out of BlackBerry's, but there's no guarantee that that will continue. AMC's unbelievable 2021 run has seen it march all the way up to an 86 EV/sales ratio and a 24 price/sales ratio. BlackBerry, in contrast, is much more modestly valued. In this article, I'll outline some points in favour of both BB and AMC to help you decide which is better.

AMC has a clear path to revenue growth

AMC's advantage over BlackBerry is that it has a much, much clearer path to revenue growth. AMC is a movie theatre company whose revenue artificially collapsed in 2020 due to lockdown orders. In 2019, AMC's revenue was \$5.4 billion. In 2020, it collapsed all the way to \$1.2 billion. That was entirely because of lockdown orders preventing people from going out to the movies. Prior to 2020, the revenue trend was positive.

Once the COVID-19 pandemic is over, people will start going to theatres again, and AMC's revenue should climb to at least where it was before — possibly higher. However, AMC has diluted its equity significantly in 2021 — as [CEO Adam Aron himself admits](#) — so there's no telling where exactly this stock is going once the Reddit hype wears off.

BlackBerry is in a better industry

Unlike AMC, BlackBerry has no clear and obvious path to future revenue growth. The company had been growing software and service revenue for a few years, but that trend ended in 2020. That's not to say it won't return to positive revenue growth eventually. As an enterprise software company, all BB

would need would be one big juicy contract to reverse its revenue decline. But unlike AMC, BB does not have an obvious event coming up in the near future that's guaranteed to reverse its shrinking revenue.

What it does have, though, is a better industry niche.

According to Verified Market Research, movie theatres are projected to grow at 7.3% CAGR from 2019 to 2026. Over the same period, all of BlackBerry's niches are expected to grow in the double digits. Car software, cybersecurity, and the ["Internet of Things" \(IOT\)](#) are explosive growth industries. Car software, in particular, is expected to grow at 16.3% CAGR to 2026 — more than double the movie theatre industry's expected growth. This should theoretically give BlackBerry some kind of an advantage. That said, it hasn't done a whole lot yet: BB's revenue and earnings have been deteriorating for years.

Foolish takeaway

Meme stocks are a peculiar bunch. Many if not all of them are severely declining *as businesses*, yet their stock prices would tell you that they're about to take over the world. Quite likely, most of these stocks will decline once Reddit loses interest. But if any of the points raised in this article look compelling to you, perhaps a small position in BB or AMC wouldn't hurt.

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