



BlackBerry (TSX:BB) CEO: Ignore the Hype

Description

Both video game retailer **GameStop** and movie theatre operator **AMC Entertainment** were in dire straits in 2020. Both companies are on the cusp of declaring insolvency in 2021 if not for the timely intervention by a group of retail investors to upset the short positions of hedge funds in Wall Street.

Reddit traders created the meme investing craze that continues to permeate the stock market. Tech giants **Apple** and **Amazon.com** report record revenues, yet their stocks never experienced gains similar to the out-of-this-world gains of GameStop and AMC this year. Both meme stocks will not pass regular scrutiny if business fundamentals are the gauge.

On the **TSX**, a top [technology stock](#) appears on the radars of meme investors too. However, **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) CEO John Chen expressed little interest in catering to meme stock-driven retail investors. He said, "This is not a world I should spend too much time in. All I'm focusing on is the fundamentals."

Unfair inclusion

The erstwhile smartphone maker is doing perfectly well on the stock market thus far. As of July 2, 2021, the share price is \$14.83, or a 79.7% year-to-date gain. A year ago, you can purchase the stock at only \$6.60 per share. Meanwhile, GameStop and AMC enjoy 976.6% and 2,350.9% year-to-date gains.

Meme stocks are popular with millennials and the Gen-Z generation. Their mindsets are to get rich quickly. However, market observers warn investors not to fall for the [abnormal price surges](#). They meme stocks are usually overpriced and experience wild price spikes and dips. GameStop and AMC have the same characteristics.

Meme stocks are prone to high, if not extreme, volatility. Timing is crucial if you don't want to lose money on the Reddit-induced mania. Prices could tank faster than its ascent. Social-media influence and hype surround meme stocks, nothing more. Somehow, it's unfair to include BlackBerry in the group.

Slow progress but sure business growth

BlackBerry's primary focus is to provide cybersecurity software and other services for interconnected devices. John Chen engineered the pivot from hardware to software. Progress is evident, although it could take some time before the company reaches [software giant](#) status.

BlackBerry's QNX operating system is one of the growth analysts. About 200 million vehicles on the road have a platform that supports web-enabled devices. Chen also revealed that QNX powers nearly two-thirds of all electric vehicles sold in the automotive market.

Financial highlights from recent quarter

BlackBerry reported a 16% decline in revenue for Q1 fiscal 2022 (quarter ended May 31, 2021) versus Q1 fiscal 2021. Nonetheless, the results beat consensus estimates. The most notable highlight was the \$62 million net loss compared to a net loss of \$636 million in the same period a year ago.

The remote work environment augurs well for the company as businesses switched to cloud computing. As a result, demand for BlackBerry's QNX operating software and cybersecurity products has risen. Chen said the Internet-of-Things (IoT) and cybersecurity are the two key market opportunities.

Visible growth runway

BlackBerry's difference with meme stocks is its visible growth runway. GameStop will need more than the support of Reddit traders to turn its business around. AMC's enticements and perks might not bring back hordes of moviegoers to the big screen. Investing in TSX technology stocks is a better strategy if you can't afford to lose your money.

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Date

2025/07/22

Date Created

2021/07/05

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