



## BlackBerry (TSX:BB) Stock: Buy the Dip?

### Description

**BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock spent much of the past month tanking. On June 22 it closed at \$16.52, by July 19 it closed at \$12.61—a 20% loss. While BB is still up an impressive 49% for the year, its most recent rally has gone up in smoke. Right now, BlackBerry is pretty close to where it was *before* its most recent rally began—approximately \$10.5. All it would take would be a 17% price decline to take it back to that range.

It has been a pretty steep selloff in BlackBerry shares. The question is, should you take profits/cut losses, or buy the dip?

There's no shortage of people out there who think that BlackBerry is going to be a market-dominating enterprise software behemoth any day now. It certainly has a lot of QNX software installs, and it has a lucrative-sounding partnership with **AWS**. These facts look promising.

However, the company was not profitable in its most recent quarter or fiscal year, and its revenue is on the decline. In this article, I'll explore whether BlackBerry's recent dip is worth buying, or whether this stock should be avoided.

### The meme stock factor

The elephant in the room when it comes to BlackBerry is the meme stock phenomenon. Starting in January, Reddit posters on the *WallStreetbets* subreddit began pumping stocks like **Gamestop**, **AMC**, and **Nokia**—stocks with high short interest that Redditors [thought were undervalued](#). BlackBerry was one of these stocks.

In January it went all the way up to \$32 thanks in no small part to Reddit's coverage. The losses were erased quickly, though, and the stock didn't touch \$32 again even in its second meme stock run-up in June.

It's easy enough to see what's going on here. Reddit is at this point consumed with Gamestop, AMC, and other "big name" meme stocks, and BlackBerry isn't getting as much attention as it was previously.

As part of my research for this article, I scrolled through the *WallStreetBets* front page, checking about 30 thread titles.

I found numerous references to GME and AMC, but none to BB. Likewise, [this list of top Reddit stocks](#) does not even have BlackBerry cracking the top 10. So, BB is no longer a WSB favourite and is declining as a result.

## How BlackBerry is doing as a business

Having looked at the meme stock angle, we can now proceed to the all-important question:

*How is BlackBerry actually doing **as a business**?*

The answer is that it's a pretty mixed picture. The company's operations seem to be doing well, with 175 million QNX installs and loads of contracts with big companies. But on the other hand, earnings aren't so great, with the following metrics having been posted for the 2021 fiscal year:

- Revenue: \$893 million, down \$147 million.
- Gross margin: \$643 million, down \$120 million.
- Net income: \$-1.1 million, down \$950 million.

Not a great year. And the first quarter of fiscal 2022 showed losses as well. So despite all of BlackBerry's success in getting popular products out there, it has yet to prove itself *as a business*. As for whether the expected turnaround will ever happen, we'll just have to wait and see.

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andrewbutton

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