



## BlackBerry (TSX:BB) Stock Falls Below \$10: Should You Buy?

### Description

This has been an unmemorable week so far for growth investors. Before the recovery in the second half on Tuesday, the fall seemed unstoppable, with six consecutive sessions of a heavy sell-off. Though some TSX stocks showed a brave comeback yesterday, some names still seem to be reeling under immense pressure. Investors' favourite **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock fell to its nine-month lows on Tuesday.

### Should you buy BB stock on its recent weakness?

Rising interest rate fears have toppled almost all [growth stocks](#) so far this year. Hopefully, stocks will bottom out soon. BlackBerry stock fell below its crucial psychological support level of \$10 apiece yesterday but soon recovered. It closed at \$10.40 on Tuesday.

BB has fared relatively better than some other growth stocks in the recent market turmoil. For example, **Shopify** stock has dropped like a bullet, losing 32% this year. BB lost 14% in the same period.

Around this time last year, BB stock became the talk of the town when Reddit investors pumped it to mind-boggling levels. It jumped to \$36 on a [short squeeze](#), creating enormous wealth for traders. However, the bubble soon burst, and investors who entered based on FOMO suffered huge losses.

BlackBerry is a \$6 billion cybersecurity and internet of things (IoT) company that has been aggressively betting on future technology. The company has accomplished a noteworthy turnaround in the last decade, transforming from a smartphone maker to now making software for cars.

### Concerning revenue growth

The cybersecurity and automotive software market are high-growth areas and are expected to grow by around 13% CAGR through 2027. The cybersecurity vertical adds around two-thirds to its consolidated revenues, while IoT is responsible for 23%. The licensing arm makes up the rest. Notably, BlackBerry could evolve as one of the biggest beneficiaries of the emerging trend going forward.

However, BlackBerry has had trouble converting its innovative product mix into decent financial growth. Its [revenues](#) have fallen from \$2.16 billion in 2016 to \$743 million in the last 12 months. The dent on the bottom line has also been enormous and unrelenting. This makes it a reasonably risky bet, even though it operates in some of the most promising, high-growth futuristic verticals.

BB stock is currently trading at a price-to-sales multiple of 8 times and does not look cheap. That indicates that if broader markets continue their fall, BB stock could show more weakness in the short term.

Such companies have been mainly on the radar of market participants amid expectations of higher interest rates. Loss-making tech stocks with stretched valuations are perceived to be riskier when rates rise. As a result, investors move away from such stocks and take shelter in more defensive spaces.

## The Foolish takeaway

Even if BlackBerry stock has dropped notably in the last few weeks, investors are looking for high-quality revenue growth. A sustainable topline growth could drive stable earnings and, ultimately, shareholder return in the long term. So, slow-but-stable revenue growth will make BB more appealing for investors, irrespective of its price levels.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

### PP NOTIFY USER

1. jguest
2. vinitkularni20

**Category**

1. Investing
2. Tech Stocks

**Date**

2025/08/25

**Date Created**

2022/01/25

**Author**

vinitkularni20

default watermark

default watermark