



## BlackBerry Stock Is a Screaming Buy as Tech Sector Recovery Starts

### Description

Last week, a sharp [tech sector-wide recovery](#) helped the **TSX Composite Index** post its highest gains in more than a month. Tech shares like **Shopify**, **Lightspeed**, and **Nuvei** inched up by nearly 25% combined in the week ended on March 18. While **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) stock also posted its biggest weekly gains since August 2021 by inching up 11% last week, it underperformed most of the popular tech stocks by a wide margin. Nonetheless, I still find BB stock highly undervalued — making it one of my favourite tech stocks to buy after the recently started tech recovery. Let me explain why.

### BlackBerry stock price movement

In three years, from 2018 to 2020, the [TSX-listed BlackBerry stock](#) fell by nearly 40% to around \$8.44 per share. But it doesn't mean that the company's fundamental outlook deteriorated during this period. In fact, the Waterloo-based tech company managed to significantly strengthen its presence in the global automotive industry during these years as the popularity of its QNX operating system continued to rise. That's why a consistent drop in BB stock for nearly three years didn't seem justified.

However, BlackBerry stock found the support of Reddit traders last year, which helped it start 2021 on a solid note. Notably, it popped by nearly 113% in January 2021. While BB stock lost most of these gains in the following months, it still managed to end the year with strong 40% gains at around \$11.82 per share.

At the beginning of 2022, investors' concerns about high inflation triggered a massive sell-off in tech stocks, pressuring BlackBerry stock again. That's one of the key reasons why it has lost nearly 25% of its value this year so far despite its last week's double-digit recovery.

### Why BB stock is worth buying now

Interestingly, the **Royal Bank of Canada** recently upgraded its rating on BB stock from 'underperform' to 'sector perform.' But still, it currently hovers around \$8.83 per share — not far above its lowest level in more than a year.

While the demand for its cybersecurity solutions continues to strengthen, the longer-than-expected negotiations regarding the sale of the non-core portion of its IP patent portfolio have hurt its revenue growth in the last three quarters. These negotiations were one of the reasons why its total revenue fell by about 18% year-over-year to US\$184 million in the November quarter.

I expect its YoY revenue growth trend to improve in the coming quarters as these negotiations seem to have ended in January 2022. On January 31, BlackBerry [announced](#) that it "has agreed to sell substantially all of its non-core patent assets to Catapult for total consideration of \$600 million." Given that, consistently rising demand for cybersecurity products in the post-pandemic world could help the company post better-than-expected topline growth in the coming quarters and help BB stock recover fast. Also, its increased focus on developing advanced technological solutions for futuristic vehicles could significantly accelerate its financial growth in the long term.

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2. Tech Stocks

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