



It's Not All Bad for BlackBerry

Description

Don't get me wrong, there's a lot of ugly in today's **BlackBerry** (TSX:BB,NASDAQ:BBRY) release and we'll get into this in a subsequent post. However, before you go flinging your BlackBerry shares off a cliff, there was at least one bright spot to consider that is unlikely to garner much attention.

In BlackBerry's fiscal 1st quarter, the company's cash position grew from \$2.9 billion at the end of the last quarter to \$3.1 billion. That's almost \$6.00 per share. In fact, according to Capital IQ, BlackBerry's pile of cash has never been bigger. This is not a typical characteristic of a company that is facing imminent death.

Contributing to the cash build was BlackBerry's solid free cash generation in the quarter. With operating cash flow of \$630 million and capital expenditures of just \$83 million, \$547 million of free cash was produced.

And this was not an anomaly. In last year's first quarter \$558 million of free cash was generated and in fiscal 2013, this metric totalled to almost \$1.9 billion. Again, such prodigious free cash flow is not an indication of a company for whom the bell tolls.

Given BlackBerry's market cap is currently about \$5.6 billion (and falling by the second), this ability to produce about \$2 billion/year in free cash gives it a free cash yield of an almost unheard of 35%.

Foolish Takeaway

You're going to read a lot of negatives about BlackBerry today, and tomorrow, and probably for some time. But as long as the company keeps pumping out free cash, they're going to be around – in one form or another. The company may be wounded but at this stage, the wound is not yet life threatening.

Looking for a smoother ride to riches than BlackBerry shares offer? [Click here now](#) to download our special **FREE** report "**3 U.S. Stocks that Every Canadian Should Own**". These 3 companies prove that investing doesn't have to be the emotional roller coaster that BlackBerry makes it out to be.

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Fool contributor Iain Butler does not own any of the companies mentioned in this report. The Motley Fool has no position in any stocks mentioned at this time.

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1. Investing

TICKERS GLOBAL

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

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