



5 Questions BlackBerry Investors Want Answered Next Week

Description

It's been a tough year for **BlackBerry** (TSX: BB, NASDAQ: BBRY). Where should I start? The company has bled most of its market share to rivals like **Apple** and **Google**. Its new BB10 operating system was a flop. In the eyes of the investment community, BlackBerry is probably worth more broken up and sold for scrap than as a whole.

But there have been several interesting developments at the company over the past quarter, including the launch of BlackBerry Messenger on iOS and Android as well as renewed rumors of layoffs and buyouts swirling. That's why investors should watch the company's Sept. 27 earnings release closely. Let's take a look at the top five questions shareholders want answered next week.

1. Is another round of cost cuts coming?

Earlier this week *The Wall Street Journal* [reported](#) that BlackBerry is preparing to cut up to 40% of its employees by the end of the year. The cuts come one month after the company announced that it had formed a special committee to explore its strategic options. If the rumours are true, it would be another confirmation that BlackBerry is waving the white flag in the smartphone business and positioning for the sale of the company.

2. How is BlackBerry Messenger doing?

On Wednesday, BlackBerry announced that it would open its proprietary messaging system BlackBerry Messenger, or BBM, to the iPhone and Android this weekend. The free application eliminates what has been a compelling draw for the company's devices. However, the move expands the reach of the application, potentially creating a separate asset that could be sold. Investors will be eagerly waiting for the numbers from the launch.

3. What are BlackBerry's strategic options?

Earlier this month, *The Sunday Times* [reported](#) that Prem Watsa, Chief Executive at **Fairfax Financial Holdings (TSX: FFH)**, had gathered a group of buyers to rescue BlackBerry. According to the U.K. newspaper, Mr. Watsa has assembled billions of dollars in backing from the Canada Pension Plan Investment Board. Investors will be listening closely to any hints regarding the status of these negotiations.

4. How is the BB10 launch going?

At this point, the market has assumed BlackBerry's BB10 launch was a complete failure. Handset sales have failed to meet expectations and the company has fallen to fourth place — behind **Microsoft's** Windows phone — in global smartphone market share. If the launch was anything close to a success, management wouldn't be discussing the sale of the company today. But even if BlackBerry has no future in smartphones, handsets sales are still an important source of cash and could impact the sale price of the company in liquidation.

5. Are subscriber losses slowing?

Outside of its smartphone business and patents, BlackBerry's biggest asset is its subscriber base. But over the past three quarters the company has lost 8 million subscribers, half of which occurred during the last quarter alone. When trying to peg a liquidation value on BlackBerry, a lot hinges on management's ability to plug those losses.

Foolish bottom line

It's terribly ugly at ol' Research In Motion. But the company has several catalysts that could drive its share price higher this quarter, including the BBM rollout, new cost-cutting initiatives, and the BB10 launch. But in such a volatile name, investors should probably just watch from the sidelines. I know I am.

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Disclosure: Robert Baillieul has no positions in any of the stocks mentioned in this article.

David Gardner owns shares of Apple and Google. Tom Gardner owns shares of Google. The Motley Fool owns shares of Apple, Google, and Microsoft.

CATEGORY

1. Investing

TICKERS GLOBAL

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2. TSX:BB (BlackBerry)
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rbailleul

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