



Why BlackBerry Shares Bounced Today

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of embattled smartphone maker **BlackBerry Limited** ([TSX: BB](#))(Nasdaq: BBRY) climbed 10% on Thursday after its quarterly results easily topped Bay Street estimates.

So what: BlackBerry has plunged in recent months on skepticism surrounding its path to profitability, but a better-than-expected Q1 — adjusted loss of \$0.11 versus the consensus of a \$0.25 loss — suggests that management's cost-cutting initiatives are starting to pay off. While revenue fell to \$966 million from \$3.07 billion in the year-ago period, gross margin increased to 46.7% from 33.9%, giving analysts plenty of good vibes over its turnaround prospects.

Now what: Looking ahead, management expects to maintain its strong cash position while targeting break-even cash flow results by the end of fiscal 2015. "Over the past six months, we have focused on improving efficiency in all aspects of our operations to drive cost reductions and margin improvement," said Chairman and CEO John Chen. "Looking forward, we are focusing on our growth plan to enable our return to profitability."

When you couple today's double-digit pop with the uncertainty that still surrounds BlackBerry's *long-term* picture, however, I'd continue to watch things unfold comfortably from the sidelines.

CATEGORY

1. Investing

TICKERS GLOBAL

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

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