



Why BlackBerry Ltd.'s (TSX:BB) Q1 Results Weren't That Bad

Description

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#)) released its quarterly results last week, and investors were not impressed. The stock dipped more than 9% the day the results were announced and on Monday the sell-off continued as shares were down another 6%. The market tends to exaggerate both good and bad results, and so let's take a look to see whether this bearish activity is warranted.

Was the quarter as bad the stock's decline suggests?

At first glance, investors may be concerned that sales were down again and a \$60 million loss was a big drop from the \$671 million profit that the company recorded a year ago.

A closer look at the financials reminds us that this time last year, BlackBerry was the recipient of a favourable [arbitration award](#) as a result of a dispute with **Qualcomm Inc.**, which added \$815 million back to its bottom line. Without the benefit of the award, BlackBerry's pre-tax loss would have been over \$140 million and would have compared much worse against its recent results.

Sales for BlackBerry have declined more than 86% over the past four years, and so investors are hoping that better times are ahead for the company. However, in Q1, sales were again down 9% as the company continues to see its revenue mix change.

In its most recent quarter, sales from handheld devices totaled \$8 million, which is down from the \$37 million that the company earned last year from the segment.

If we look at all the other segments, sales were up more than 3%, and if we exclude service access fees then the growth rises to more than 18%. As the mix continues to evolve, we'll see numbers from handheld-related products and services decline and the company's sales will reflect growth from its key segments going forward.

Investors should see some positives from the sales growth as the company's licensing and IP segment nearly doubled year-over-year and technology solutions rose more than 30%.

Despite the overall disappointment in its top line, CEO John Chen was optimistic about the results and

pointed out the strong growth the company had achieved, particularly in one key product. In the release, Chen stated that, "I am pleased that BlackBerry QNX software is now embedded in over 120 million automobiles worldwide, doubling the install base in the last three years."

Should you consider buying BlackBerry today?

There's a lot to like about BlackBerry's future growth potential. From its focus on [cyber security](#) to its operating software for self-driving vehicles, there are plenty of ways for the company to grow its sales over the long term, as both industries have tremendous opportunities down the road.

In the past three months, BlackBerry's share price has dropped more than 11% and it could be a good opportunity for investors to scoop up the stock at a reduced price. The share price has seen strong support at \$13 since October and it could be due for a bounce back in price, as we're likely to see the market adjusted from this steep sell-off.

Overall, BlackBerry is a solid long-term buy that could produce terrific returns for investors for many years.

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