



## Should You Buy BlackBerry Ltd.'s (TSX:BB) Post-Earnings Dip?

### Description

**BlackBerry Ltd. (TSX:BB)(NYSE:BB)** stock has plunged 14.1% over the past month as of late morning trading on July 4. BlackBerry wrapped up an impressive fiscal 2018 that saw its stock rise to five-year highs in the beginning of the year. Its footprint in [growing industries](#) has attracted optimism, but its recent fiscal 2019 Q1 earnings resulted in a retreat.

Before its first-quarter results were released, I'd discussed the long-term trajectory for BlackBerry. Towards the end of the article, I'd warned investors that revenue was slated to ramp up in the latter half of fiscal 2019, and that this could [provide an opportunity](#) to buy a post-earnings dip. That remains my position today.

In the first quarter, BlackBerry reported non-GAAP total software and services revenue of \$193 million, which represented a 14% increase from fiscal 2018 Q1. BlackBerry also posted recurring software and services revenue of 86%, which is enormously encouraging going forward. Compare this mark to the 70% of recurring software and services revenue in the fourth quarter of fiscal 2018. Total non-GAAP revenue was \$217 million in the quarter.

CEO John Chen praised the earnings and boasted that BlackBerry's QNX software was now embedded in over 120 million automobiles around the world. BlackBerry has made significant strides in its development of software for autonomous vehicles. It has even integrated its cybersecurity into this push to protect driverless vehicles from potential breaches.

BlackBerry maintained a positive outlook for the remainder of fiscal 2019. It projects software and services billings growth in the double digits, and total software and services revenue growth between 8% and 10% for the full year. Cash flow is also forecast to be positive for the full year.

### Should you buy the dip?

BlackBerry stock is down 7.8% in 2018 so far and has been mostly flat year over year. In late June, BlackBerry announced a multi-year collaboration with Samsung. Both companies will aim to develop and bring integrated solutions to market intended to accelerate shared interests in digital transformation and IoT initiatives among its customers. The partnership, beginning in 2014, has

already yielded enterprise mobility solutions like Samsung Knox, BlackBerry UEM, and BlackBerry SecuSUITE platforms.

The demand for mobile security has allowed BlackBerry not only to survive the decline of its hardware business, but to thrive as the demand for these services is growing. Carl Wiese, the global president of Enterprise Sales, recently declared in Australia that the turnaround for BlackBerry was “complete.”

“Eight quarters in a row of profitability,” Wiese said to business leaders in Australia. “We sit on US\$2.5 billion in cash and very little debt.”

BlackBerry has targeted automobiles to implement its Jarvis system, but Wiese projects that it could also be transferred to trains as well as aerospace and defence.

BlackBerry is impossible to ignore due to its footprint in these rising industries and markets. Investors should take advantage of this post-earnings dip and prepare to hold BlackBerry for the long term.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

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

## PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

## Category

1. Investing
2. Tech Stocks

## Date

2025/08/15

## Date Created

2018/07/04

## Author

aocallaghan

default watermark

default watermark