

# BlackBerry Ltd's (TSX:BB) Profits Double in Q2: Is the Stock a Buy?

## Description

**BlackBerry Ltd** ([TSX:BB](#))([NYSE:BB](#)) released its quarterly results on Friday, and here's a quick overview of how the company did:

	2018	2017	% C
Revenue	\$210	\$238	-1
Operating Expenses	\$122	\$153	-2
Net Income	\$43	\$19	+1

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At first glance, we can see that while the company did enjoy a big improvement in its bottom line, sales were down year over year, which was argely to do with improved efficiency and lower costs that BlackBerry was able to produce a strong result.

It's definitely a big positive to see such strong growth in the company's bottom line, but the sales number continues to drop and should be a concern for investors. Let's take a closer look at BlackBerry's segmented sales to see how it did there, and whether there is a reason for optimism.

### Sales breakdown by segment

Segment	2018	2017	% Change
Enterprise software and services	\$88	\$91	-3.3%
Technology solutions	\$49	\$38	+28.9%
Licensing, IP and other	\$56	\$56	0%

Handheld devices	\$5	\$16	-68.8%
System access fees	\$12	\$37	-67.6%
<b>Total</b>	<b>\$210</b>	<b>\$238</b>	<b>-11.8%</b>

We can quickly see that the trend of lower and lower handheld-related sales and system access fees continues, as the once popular cell phone maker has made a drastic overhaul to its business over the years.

And while investors may have given the company a free pass because of such a big transition, at some point, people have to start asking when the growth is going to start.

The company's technology solutions segment did show impressive growth as a percentage, but overall, that added only \$11 million to its top line. Meanwhile, its enterprise software and services were actually down from a year ago.

While the company did state in its release that billing from software and services grew by double-digits, it's unclear what would have dragged the overall numbers down.

BlackBerry still expects its service and software-related sales to grow between 8% to 10% from last year, and still believes it is on track to meet its goals.

### **Should investors be happy with these results?**

As impressive as the company's focus has been on cyber security and working on corporate sales rather than consumer, I'm just not convinced that BlackBerry is able to do enough to become a formidable brand anymore.

While the company still believes it is on target to meet its expectations for the year, given the initiatives that BlackBerry has taken on in the [self-driving industry](#) and the focus that we've seen on privacy and [security](#), I would have expected much more from the company by now.

### **Bottom line**

BlackBerry has a long way to go to prove that it is still a worthy investment. And it may be that it takes years for its transformation to transform into a strong, high-growth company that once attracted investors with ease.

Even without a big price tag attached, BlackBerry is still not a stock that I'd consider investing in. Without much excitement around its growth or results, it's unlikely that we'll see investors flocking to this stock anytime soon, and for that reason, you shouldn't expect much in the way of returns.

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## Date

2025/08/24

## Date Created

2018/09/30

## Author

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