Today Is Your 2nd Chance to Buy BlackBerry Ltd (TSX:BB) on the Dip After its Latest Earnings Beat!

Description

Waterloo-based **BlackBerry** (TSX:BB)(NYSE:BB) shocked the investment world last week when it solidly surpassed Wall Street's estimates for its second-quarter earnings.

Heading into Friday's report, analyst consensus had been for quarterly earnings come in at $0.01; however, CEO John Chen and company delivered well beyond those expectations, reporting non-GAAP earnings per share (EPS) of $0.04 for the quarter.

That 400% earnings surprise sent the BB stock skyrocketing, gaining as much as 17.7% at one point in the Friday session before traders started giving back some of their newly found profits.

Investors who sold early on the news were then pounced on by the "bears," or short sellers, who promptly sent the shares tumbling back to just slightly where they traded before Friday's earnings report.

And while that has to be at least somewhat discouraging for the vocal minority of BlackBerry "bulls" who have stayed loyal to the firm's ambitious turnaround story, it's also provided a great opportunity for those who missed out on Friday's earnings beat to get in on this very interesting investment.

Sometimes life gives us second chances, and this could be the big one for investors looking to initiate a position in BlackBerry stock, particularly if the shares are about to take off, like many bulls expect them to.

Why are the bulls so bullish on BlackBerry?

The bulls are extremely bullish on BB stock right now because, frankly speaking, they think they see something in the company that the bears have yet to realize.

For example, if you were to go up to someone on the street and ask them what they thought about the company — after they stopped laughing — they'd probably respond by making a comment about how it's a historic example of a failed smartphone marker that simply couldn't keep pace with the innovation brought forward by competitors — namely, **Apple** and later **Alphabet's** Android operating system.

And, to some extent, that sentiment would be completely accurate.

BlackBerry is the "dinosaur" of smartphone manufacturers.

But that sentiment also fails to recognize that since John Chen took the reins of the firm back in 2013, he has methodically dismantled the old smartphone manufacturing business and made a decided and strategic move to refocus its efforts on becoming an industry-leading software company.

What the bears are missing…

Following the Q2 results, some have been quick to point to the fact that revenues continued to decline, down 10% year over year.

However, while those types of headline reports can no doubt be alarming, they also fail to recognize that the company's total software and services billings grew double digits, with reported software and services revenue up 4% year over year; management expects the pace of that growth to accelerate to between 8% and 10% for fiscal 2019.

As the software and services business continues to mature, at some point, it should overtake the firm's other business units and help it return to overall growth.

The fact the majority (81%) of its newly revamped software biz consists of recurring revenue streams and carries with it higher margins than its old legacy business only serves to make this an even more appetizing trade following the latest earnings surprise.

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