



## Another Earnings Beat Makes BlackBerry Ltd. (TSX:BB) an Intriguing Buy

### Description

While the market and the country are inundated with coverage over marijuana legalization this week, investors looking to diversify their portfolios with something other than a [cannabis stock](#) may want to take another serious look at **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)).

Since shuttering its hardware division a few years back, BlackBerry has pivoted towards becoming a software-first company that has placed an added emphasis on security and developing a line of new emerging technologies that the company hopes will provide a growing source of revenue for years to come.

### BlackBerry's results continue to improve

Despite analysts calling for BlackBerry to provide an earnings update of just US\$0.01 per share, the company surpassed that forecast with non-GAAP earnings coming in at US\$0.04 per share.

While the results represented a massive increase over forecasts from a percentage standpoint, there were other positive elements from the earnings announcement that represent what investors should really be impressed with.

First, BlackBerry's transition to a software-first company is not only complete but beginning to bear fruit. A prime example of this is the fact that the company realized a record both in terms of software and services billings in the quarter, which, at US\$197 million, represented 78% of BlackBerry's total revenue of US\$214 million.

Second, there's the growing diversification across BlackBerry's portfolio. Becoming a software-first company has put razor focus on the company and its staff, but other segments, such as the BlackBerry Technical Solutions (BTS) segment, also realized impressive gains in the quarter, showing 29% year-over-year growth.

The BTS segment includes embedded software and asset-tracking solutions as well as BlackBerry QNX, the secure and scalable operating system that is powering the infotainment systems of over 120 million vehicles worldwide today. It also has the potential to play a critical role in the evolving field of

autonomous driving.

On the asset-tracking front, BlackBerry Radar — the asset-tracking software developed by the company — continues to make inroads with companies, and BlackBerry reaffirmed the goal of reaching \$100 million in revenue over the next three years from the product.

Turning to the enterprise segment, BlackBerry continues to expand to new customers, many of which result in a recurring revenue stream for the company. By way of example, in the most recent quarter, BlackBerry announced several key account wins, including the over 150,000 employees in the U.S. Department of Justice.

### **Should you buy?**

BlackBerry's most recent results showcased that the company has emerged from its very public and long turnaround as a profitable company with a potential opportunity on a number of different fronts.

If potential investors can focus on the future of BlackBerry and not on its past as a handset manufacturer, then the company can warrant a small position in nearly any [well-diversified portfolio](#).

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
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dafxentiou

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