



## This Growth Stock Is Just Getting Started

### Description

It was evident that **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) had a fabulous quarter, as the stock popped 13% on Friday. BlackBerry surprised the market by reporting revenue and earnings per share that beat analysts' estimates.

### Fabulous fiscal Q4 2019

For fiscal Q4 2019, BlackBerry generated revenue of US\$257 million, beating the analysts' consensus estimate by about US\$14 million. As well, it reported earnings per share of US\$0.11, which beat the analysts' consensus estimate by US\$0.05.

Notably, the revenue increased 7.5% year over year thanks to the all-important software and services segment, which contributed about 96% of total revenue and saw an increase of 14% year over year.

In the earnings call, CEO John Chen pointed out, "This was the first time in many years driven by four consecutive years of software and services growth that overcame the quarter-to-quarter decline in handset revenue and service SS fees." This indicates that BlackBerry has successfully transformed into a software and services company.

For the quarter, gross margin came in at 82%. BlackBerry reported operating income of US\$58 million, which has been positive for three consecutive years. This is evidence that the phoenix has risen from the ashes.

### Solid fiscal 2019 results

For fiscal 2019, BlackBerry achieved its guidance by increasing the software and services revenue by 10% year over year. It reported earnings per share of \$0.24, an increase of 71% compared to fiscal 2018.

## BlackBerry's growth is just getting started

BlackBerry is laser-focused on mobile security, in particular, enterprise cybersecurity and embedded software with regard to the Enterprise of Things (EoT).

It's estimated that there will be 75 billion connected things with investments of US\$3 trillion by 2025! There's going to be a long growth runway for the EoT, and BlackBerry will be there to capitalize on it by providing end-to-end mobility solutions in a secure way.



In January, Bryan Palma joined BlackBerry as president and COO. He's a great addition to the team with his previous experience as a forensic specialist for the United States Secret Service and a VP of Cyber and Security Solutions for **Boeing**, among other roles.

BlackBerry completed the acquisition of Cylance, an artificial intelligence (AI) and cybersecurity company, in February. This is money well spent because Cylance's embeddable AI technology is expected to accelerate the development of Spark — BlackBerry's secure communications platform for the Internet of Things (IoT).

Recently, BlackBerry Cylance was given a vote of confidence from **Verizon**, which chose BlackBerry Cylance to be a part of its managed security service portfolio. This broadens BlackBerry's reach to Verizon's business customer base.

## Investor takeaway

[BlackBerry](#) has successfully transformed into a software and services company. However, its growth is just getting started. Marching into fiscal 2020, the company will be formed by three business units: IoT business, Cylance, and licensing. These are [good areas to be in for growth](#) or recurring revenue.

### 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**

2025/08/02

## **Date Created**

2019/04/01

## **Author**

kayng

default watermark

default watermark