



## 4 Things to Love About BlackBerry Ltd.'s (TSX:BB) Latest Results

### Description

Would you like to have exposure to an up-and-coming [cybersecurity stock](#) that can position your portfolio for explosive gains?

**BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) is a [tech stock](#) that has remained quite volatile over the last few years, as this newly transforming company continues to move forward with its plan to become a new and improved tech company that is well-positioned for the future.

BlackBerry reported its fourth-quarter and year-end fiscal 2019 results last week, in what I would call a very good news event.

And the market agreed, with BlackBerry stock rallying more than 10% on the day of the release to close at \$13.47. Although the stock has come off a bit since then, there are many reasons for investors to love the results.

Here are four of them.

### Cylance delivers

Recall that BlackBerry's acquisition of Cylance closed in February, so there was not much of Cylance in the results. But this acquisition has greatly advanced BlackBerry's attempt to diversify its business and transform into a relevant tech company of the future.

BlackBerry has worked on increasing its presence in cybersecurity since new CEO John Chen took over, as this strong, secular growth business is expected to explode in the next few years.

The acquisition of Cylance has solidified BlackBerry's position and cemented this shift.

Cylance revenue was \$170 million in fiscal 2019, and is expected to increase 25% to 30% in fiscal 2020, making up almost 20% of total revenue.

Cylance is expected to be accretive in the second fiscal year and thereafter.

## Recurring revenue increases

In the quarter, recurring revenue as a percent of total revenue was in the mid-80% to high-80% range.

This is important because a high percentage of recurring revenue lends visibility and predictability to the company, which lowers the risk profile and increases valuation.

## Another earnings beat

Market expectations for BlackBerry have been decidedly muted. Investors are skeptical of this tech company's transformation, and with good reason, because this transformation is in early stages, with many risks ahead.

But with another earnings beat this last quarter, with adjusted EPS coming in at \$0.11 compared to expectations of \$0.06, things are looking good.

BlackBerry has beaten expectations for at least the last four quarters, and given the strong correlation between beating expectations and stock price performance, we can see why the stock is up 27% year-to-date, and we can see why there is good reason to consider BlackBerry stock for future gains.

## Cash flow set to rise

Net cash is down from \$2.3 billion in 2018 to the current \$900 million, as the Cylance acquisition has closed.

But this is not a bad thing, as the company has used this cash exactly how it should be used: for future growth and competitive positioning.

Cash flow generated is set to recover in the years ahead as this acquisition bears fruit.

### 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**

2025/09/09

**Date Created**

2019/04/09

**Author**

karenjennifer

default watermark

default watermark