



BlackBerry (TSX:BB) Reports Strong Results: Now What?

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) recently raised the eyebrows of investors everywhere when the company posted much-improved results for the full fiscal year as well as a strong outlook for the next fiscal. In many ways, it would seem that BlackBerry's long turnaround and return to profitability are finally a reality.

In the aftermath of the earnings report, the stock surged nearly 10% before returning some of those gains, but overall, BlackBerry remains up by an impressive 28% year to date, handily making it one of the [best-performing investments](#) on the market.

Let's talk results

BlackBerry's results were, in a word, impressive. non-GAAP revenue saw an 8% year-over-year increase to US\$257 million, with the software and services segment once again leading the way with revenues of US\$248 million, reflecting an impressive 14% gain over the same period last year. Even more impressive than that growth is the fact that a whopping 93% of that revenue was recurring.

From an earnings standpoint, on a non-GAAP basis, BlackBerry realized US\$0.11 per basic and diluted share and the company managed a free cash flow of \$18 million in the quarter after acquisition, restructuring and other costs were taken into consideration.

Commenting on the impressive growth, BlackBerry CEO John Chen said, "This profitable growth is a clear indication that we have successfully pivoted to become an enterprise software company," before stressing the point that not only did BlackBerry met all of its targets for fiscal 2019, but also surpassed expectations for the fourth quarter.

Finally, looking toward the next fiscal, BlackBerry is forecasting revenue growth of between 23% and 27%

What's next?

There's no denying the fact that BlackBerry's results generated some excitement among investors, particularly among long-term holders who have been predicting that the company's return to profitability in a strong way was coming, but it does beg the question of what's next?

To try to answer that question, let's take a moment to mention Cylance – the California-based artificial-intelligence and cybersecurity company that BlackBerry acquired just before the close of the prior quarter. At \$1.4 billion, Cylance was BlackBerry's largest acquisition to date and promises to be a major revenue driver for the company, despite the fact that it may take a year to fully integrate Cylance and its potentially overlapping customers.

After that, the integration of Cylance into QNX, as Chen alluded to recently, is something that could hold even bigger gains for the company, particularly given emerging array of devices and end-points that Cylance caters to as well as QNX's already strong presence in the emerging autonomous vehicle segment of the market.

In short, if you haven't considered buying BlackBerry until now, it [might be the opportune time](#) to take a small position and see what the future has in store.

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Author

dafxentiou

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