



### 3 BlackBerry (TSX:BB) Quotes Investors Must Hear

#### Description

It hasn't been an easy year for **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) shareholders. Over the past year, the company's stock is down by 41%. In fact, there hasn't much to cheer about over the past decade.

The company has recently been dropped from the S&P/TSX 60 Index — a sign that the days of enjoying blue-chip status are behind it. Fiscal 2021 first-quarter results [didn't help](#). Although BlackBerry beat on earnings, it missed on the top line, as revenue dropped 20% year over year.

Are there any [positive takeaways](#) for shareholders? Let's take a look.

#### The pandemic impacts

Since BlackBerry's fiscal 2021 first-quarter results ended May 31, the majority of the quarter overlapped with pandemic economic constraints. How did the company fare?

"All the businesses performed in line or better than our expectations, except for QNX, which was negatively affected by global auto production shutdowns. However, our enterprise products and services that feature security and productivity benefited from the increase in remote working, business continuity and crisis management and use cases with our customers." — Executive Chair & CEO, John Chen

Overall billings were also down due to the pandemic, but on the bright side, the drop was lower than that over total revenue. This is a positive for future results.

Another positive: net customer churn was flat. This means that BlackBerry did not lose any key customers, despite the shutdowns.

#### More insight on QNX

The company's flagship QNX embedded systems software platform is a key growth driver for the company. Unfortunately, it appears that growth is taking a hit as Mr. Chen tempered expectations moving forward:

“We anticipate a slow and gradual recovery for QNX throughout the year. It will take time for the production to ramp back to full capacity.”

This is not all that surprising and is in line with what analysts expect of the economy as a whole.

Worth noting: it will now begin sharing with investors their annual royalty revenue backlog. As per Mr. Chen, the backlog currently stands at \$450 million. The segment has achieved a five-year CAGR of 13%, which is above the 5% industry average.

In the quarter, the segment was bolstered by 10 design wins and expanded its automotive installed-base number to over 175 million, up from 150 million last year.

Despite a short-term slowdown, BlackBerry's QNX platform seems well positioned to perform well over the long term.

## BlackBerry's Spark platform

In February of last year, the company acquired Cylance, a privately held artificial intelligence and cybersecurity company. Thus far, the Cylance acquisition is proving to be a positive for the company.

“BlackBerry Cylance was slightly ahead of consensus expectations for the quarter. We added 279 new customers and new active subscription customer growth was about 15%.”

— Executive Chair & CEO, John Chen

Notable customer wins in the quarter include **General Motors**, Philips Healthcare, the New Zealand Defence Force, and the U.S. Census Bureau.

Moving forward, Cylance and UEM will be referred to as the Spark Suites platform. Spark Suites is a platform that combines endpoint security as well as endpoint management.

Launched on May 15, demand for Spark Suites is already strong. One in five customers have already purchased the platform. Subsequent to the quarter end, BlackBerry was selected as **Bell Canada's** preferred partner for mobile threat detection — another big win for the Spark platform.

## Foolish takeaway

As you can see, it wasn't all bad news. There were several positive takeaways from the company's quarterly results. Despite short-term headwinds, which may pressure the stock price, BlackBerry is far from dead weight.

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