



BlackBerry Earnings: Dark Cloud or Ray of Light?

Description

In the company's recent earnings call, **BlackBerry's** ([TSX:BB](#))([NYSE:BB](#)) revenue figures were, by most measures, dismal. The company missed on expectations and revenue growth was down. Indeed, investors don't seem to like this stock right now.

However, I think BlackBerry's growth thesis remains an enticing one. Here's what to make of the company's situation right now.

Q4 earnings call takeaway: Another rough quarter

In a challenging year to navigate, BlackBerry did report disappointing numbers in its earnings call for the fourth quarter ended Feb. 28, 2021. The company reported a loss of US\$315 million while generating US\$51 million net cash from operating activities.

BlackBerry reported that it suffered a net loss of US\$0.56 per share compared to US\$0.07 per share the previous year. Quarterly non-GAAP revenue was reported at US\$215 million, while GAAP revenue was US\$210 million.

On an adjusted basis, this company reported a profit of US\$0.03 per share, which is remarkably close to the analyst expectations for this quarter. I think this slowdown is only temporary, influenced by several market factors. BlackBerry reported that it believes its licensing revenue would've been higher if not for the negotiations to sell a portion of the company's patent portfolio.

However, investors also need to look at the announcements section to estimate the outlook for FY2022. This company announced several product launches and partnerships, all aimed to diversify BlackBerry's growth prospects.

Sun shines on the horizon for BlackBerry

There's no denying that the company's stock price has been inconsistent with its fundamentals.

However, BlackBerry does provide its investors with incredible [growth potential](#), made evident when assessing the partnerships revealed alongside the earnings call.

For example, this firm partnered with **Baidu** to power next-generation autonomous vehicles. BlackBerry's focus on enterprise security products and the company's new partnerships provide potential for BlackBerry to be a leader in growth segments within the IoT sector. In December 2020, BlackBerry also announced a deal with **Amazon** Web Services to develop its Intelligent Data Platform (IVY), a scalable cloud software platform aimed at the connected vehicle market.

BlackBerry's QNX software division has emerged to become one of the first commercial microkernel operating systems for automatic cars. Scania chose QNX for its next-gen heavy goods vehicles, while **Sony** announced at CES that its upcoming Vision-S would also feature this technology.

Bottom line

Yes, earnings were terrible. BlackBerry stock sold off accordingly.

That said, I think there's a ray of light amid this dark cloud of uncertainty.

BlackBerry's long-term growth catalysts are still there. It's still a turnaround play, as it strategically shifts from a hardware-focused business model to a software-first company. Accordingly, I think investors in BlackBerry simply need to be patient with this stock.

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