



## BlackBerry Stock: Deep Value Play or Falling Knife?

### Description

As per **BlackBerry's** ([TSX:BB](#))([NYSE:BB](#)) recent earnings report, its revenue figures have left something to be desired. Indeed, as a turnaround play, some of this can be expected. However, investors appear to be getting impatient with BlackBerry's results of late.

Indeed, the company's performance has been sub-par, and it appears investors are turning their backs on this stock as of late. Nevertheless, I believe that there could be a silver lining in these dark clouds.

Let's discuss.

### Another dismal quarter for BlackBerry

BlackBerry's [earnings](#) for the fourth quarter ended Feb 28, 2021, have been disappointing, to say the least. The Waterloo-based company recorded a loss of approximately \$315 million, or \$0.56 per share, while generating net free cash flow of \$51 million from its operating activities. Furthermore, its non-GAAP revenue stood at roughly \$215 million, whereas GAAP revenue was reported to be around \$210 million.

Overall, BlackBerry generated net earnings of \$0.03 per share on an adjusted basis, which is incredibly close to what analysts had predicted for this quarter. I think that this decline in profits is due to various market factors. The company believes that its licensing revenue could have been higher had there been no negotiations to sell some of its patents.

Nevertheless, investors now need to keep an eye on future announcements around projections for FY2022. As a turnaround growth play, investors may be less likely to value this stock on its backward-looking fundamentals. Rather, there's a long-term perspective that appears to be required to own this stock.

For those who believe in BlackBerry's growth catalysts, the drop post-earnings could be an intriguing buying opportunity. For others who believe there's likely to be more pain in future earnings reports, staying on the sidelines may be the strategy that wins out.

## BlackBerry investors are betting on growth

Without a doubt, the company's earnings are a reflection of some pretty underwhelming performance of late. Nevertheless, many investors believe this stock has a tonne of potential to grow long-term. Indeed, the company's new partnerships are highlighted as key catalysts by many growth investors.

BlackBerry has teamed up with **Baidu** to engineer and deploy next-generation autonomous driving and connected vehicle technology to fulfill the requirements of the automotive sector. BlackBerry's emphasis on enterprise security solutions and new partnerships enhances this company's potential in the IoT sector.

Last year in December, BlackBerry announced its partnership with **Amazon** Web Services to engineer BlackBerry IVY — an intelligent data platform to improve the operations of connected vehicles and provide a customized driver experience.

The company's QNX segment has turned out to be a huge success. **Scania**, the Swedish manufacturing company, has opted to use QNX for its heavy goods vehicles. Furthermore, **Sony** has revealed that its new all-electric sedan, Vision-S, will also have this technology.

Those are some decent catalysts to consider right now.

Accordingly, it appears BlackBerry is a polarizing stock. Indeed, investing in such a company depends largely on which side of the fence one sits.

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## **Date**

2025/08/17

## **Date Created**

2021/04/09

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