



Why BlackBerry Stock Dived Despite Crushing Q4 Profit Estimates

Description

What happened?

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) stock fell sharply early Friday morning, despite crushing Street analysts' earnings estimates in the fourth quarter. While **TSX**-listed [BB stock](#) fell by 2.3% in the last session to \$9.27 per share, its NYSE-listed shares tanked as much as 6.6% in the premarket trading today to below US\$7 per share.

So what?

On Thursday, BlackBerry [announced](#) the results for the fourth quarter of its fiscal year 2022. Let's look at some key highlights from its latest quarterly earnings event:

- In the February quarter, BlackBerry's total revenue fell by around 14% YoY (year over year) to US\$185 million.
- The company's adjusted EBITDA for the quarter stood at US\$20 million — down 43% YoY.
- Its IoT (Internet of things) segment revenue jumped to US\$52 million in Q4 from \$43 million in the previous quarter.
- Its Q4 cybersecurity segment revenue, however, fell sequentially to US\$122 million from around US\$128 million in Q3.

Despite a rise in BlackBerry's IoT segment sales, a drop in its cybersecurity business revenue could be the primary reason investors reacted negatively to its quarterly results, triggering a selling spree in BB stock.

Now what?

Taking a first glance at its latest quarterly numbers, you might find multiple reasons for BlackBerry stock to fall. However, looking at Street analysts' expectations will give you a better idea of what was

already expected from the Canadian tech company's Q4 results. While its fourth-quarter total revenue fell 1% short of Street's expectations, it absolutely crushed analysts' expectations for its bottom line for the second consecutive quarter.

In the February quarter, BlackBerry reported a surprise adjusted net profit of around US\$6 million against analysts' expectations of a net loss of around US\$29.3 million. In the previous quarter as well, BB pleasantly surprised investors by reporting about 98% narrower loss than Street analysts' estimates.

Also, I wouldn't worry much about the recent drop in BlackBerry's cybersecurity segment revenue, as it has the potential to recover sharply in the coming quarters. More importantly, its cybersecurity segment has witnessed sequential billing growth for the last three consecutive quarters. Given all these optimistic factors, today's [drop in BB stock](#) could be an opportunity for long-term investors to buy this amazing tech stock at a bargain.

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