



Should You Buy BlackBerry Stock Right Now?

Description

Shares of Canadian tech company **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) have burnt significant investor wealth in the last few years. It once led the mobile phone market, but the introduction of smartphones by giants such as **Apple** and **Samsung** led to an erosion in BlackBerry's market share.

BlackBerry exited the smartphone business and focused on providing enterprise-facing software services in 2017. BB stock rose from \$10.5 in July 2002 to a record high of \$230 in July 2007. Right now, it's trading at \$8.35 per share, which is 56% below its 52-week high.

Let's see if BlackBerry stock should be part of your portfolio right now.

How did BlackBerry perform in Q4 of fiscal 2022?

In the fiscal [fourth quarter of 2022](#), which ended in February, BlackBerry reported revenue of US\$185 million — a decline of 12% year over year, while adjusted earnings stood at US\$0.01 per share. Comparatively, analysts forecast BlackBerry to report revenue of US\$208 million with an adjusted loss of US\$0.03 per share.

Despite the revenue miss, BlackBerry CEO John Chen stated, "In addition to overcoming a number of industrywide challenges, such as supply chain constraints and the war in Ukraine, the QNX business set another record for quarterly design related revenue, demonstrating both strong fundamentals and momentum for the business."

BlackBerry's QNX software has been gaining traction, and it's now used in several devices. It has already been installed in 200 million vehicles to date.

However, investors were disappointed with BlackBerry, given its cybersecurity revenue stood at US\$122 million, indicating marginal growth year over year. Further, BlackBerry's management forecast licensing revenue to be minimal in fiscal 2023 while cybersecurity sales will also be flat year over year, leaving investors unimpressed.

What's next for BB stock investors?

Over the last few years, BlackBerry has acquired several companies part of the cybersecurity segment, including Good Technology for US\$425 million and Cylance for US\$1.4 billion. These acquisitions allowed BlackBerry to create Spark, which is an integrated platform that provides enterprises access to security and data management software.

BlackBerry's cybersecurity sales accounted for 65% of total sales in fiscal 2022 compared to 54% in the year-ago period. While the cybersecurity market is estimated to grow at an annual rate of 13.4% through 2027, BlackBerry is finding it difficult to improve the top line in an expanding addressable market.

BlackBerry is still reporting an adjusted loss but ended fiscal 2022 with over \$700 million in cash. The company has managed to leverage its portfolio of robust and messaging patents to strengthen its balance sheet.

For example, it derived revenue in the form of licensing fees from Chinese smartphone manufacturers. However, its licensing revenue declined by almost 80% year over year in fiscal 2022, and this business now accounts for just 10% of total sales.

In fiscal 2022, BlackBerry sold most of its patents related to mobile, wireless networking, and messaging for \$US600 million in cash, boosting its liquidity position, and allowing it to make investments in its IoT and cybersecurity business.

The Foolish takeaway

BlackBerry is forecast to report sales of US\$873.2 million in fiscal 2023, indicating a year-over-year decline of 3.5%. The fall in revenue will expand its adjusted losses to \$0.19 per share in fiscal 2023 compared to a loss of \$0.13 per share in 2022.

It will be the third consecutive year of negative revenue growth for BlackBerry, which does not inspire confidence. BlackBerry is losing market share in the cybersecurity segment and remains [a high-risk bet](#) at current prices.

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Date

2025/08/25

Date Created

2022/04/21

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