



Why BlackBerry Stock Looks Way Too Undervalued After Q1 Earnings

Description

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) announced its Q1 of its fiscal year 2023 results on Thursday after the market closing bell. Despite the Waterloo-based tech company's overall better-than-expected financial results for the quarter, BB stock slid by nearly 2% in the after-hours trading on **NYSE**. Before I explain why I find BlackBerry stock highly [undervalued](#) right now, let's take a closer look at key highlights from its latest quarterly results.

BlackBerry's Q1 earnings: strengthening IoT revenues

In the May quarter, BlackBerry's total revenue stood at US\$168 million — down 3.5% YoY (year over year) but higher than analysts' estimate of US\$160.7 million.

The tech company's licensing revenue declined to US\$4 million due mainly to the ongoing limitations to monetization activity, as it continues to pursue the sale of the legacy portion of its patent portfolio. Nonetheless, its IoT (internet of things) segment revenue witnessed a solid 90% YoY growth to US\$51 million in the last quarter.

Software product sales accounted for nearly 80-85% of its total revenue from the segment, while professional services contributed the balance. Similarly, its revenue from the cybersecurity segment also rose by 6% YoY to around US\$113 million in the May quarter, as the demand environment remains strong. In the ongoing fiscal year, the company expects its IoT segment revenue to be in the range of US\$200 million to US\$210 million.

With the help of its higher revenue from IoT and cybersecurity segments, BlackBerry reported an adjusted net loss of US\$31 million in Q1 — much narrower than Street's estimate of US\$38.8 million.

New updates on the IVY platform

In some of my recent articles, I've highlighted how BB stock hasn't seen any appreciation lately, despite its increasing efforts to develop advanced technological solutions for the auto industry. During

its latest earnings conference call, the company's management highlighted potential opportunities for its intelligent vehicle data platform, IVY.

During the call, BlackBerry's CEO John Chen reiterated that the company has received more proof-of-concept (POC) trial requests for its IVY platform than it could currently handle. And it still continues to receive more POC requests. He [believes](#) that "IVY is a product with the right strategy, in the right place at the right time." While talking about IVY platform development progress, Chen said that BlackBerry's "product development is advancing well." After the June release, IVY "now supports an even wider range of sensors and hardware," he added.

Why BB stock looks undervalued

I continue to believe that the IVY platform could help BlackBerry significantly accelerate its financial growth trends in the long run, as the demand for electric and autonomous vehicles remains solid. That's why the demand for BlackBerry's technological solutions for futuristic vehicles is expected to skyrocket in the coming years. This expected IVY platform demand growth could trigger a big rally in BB stock.

Despite these positive factors, BlackBerry stock continues to underperform the broader market by a huge margin. The stock currently trades with massive 41% year-to-date losses close to \$7 per share due to the recent tech meltdown, making it look really cheap. By comparison, the **TSX Composite Index** has seen 11.8% value erosion this year so far. Given its solid future growth potential, long-term investors may want to add this undervalued stock to their portfolios at a big bargain right now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/06/28

Date Created

2022/06/24

Author

jparashar

default watermark

default watermark