

BlackBerry posts 3Q adjusted profit, revenue down

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In this Wednesday, Dec. 17, 2014, file photo, BlackBerry's new BlackBerry Classic phone appears on display during a news conference, in New York. On Friday, Dec. 19, 2014, BlackBerry reported an adjusted profit for its fiscal third quarter, surprising Wall Street. But its revenue fell, missing analysts' estimates. (AP Photo/Bebeto Matthews, File)

Blackberry reported an adjusted profit for its fiscal third quarter but its revenue fell, missing analysts' estimates.

Its shares fell almost 6 percent in morning trading Friday,

Blackberry was considered a game changer in 1999 when it launched the RIM 950, which allowed on-the-go business people to access email wirelessly. Then came a new generation of competing smartphones, and suddenly BlackBerry looked ancient. Apple Inc. showed that phones can handle much more than email and phone calls. Blackberry was late in overhauling its operating system to compete.

BlackBerry now holds a small fraction of the U.S. smartphone market after commanding a nearly 50 percent share as recently as 2009. It is trying to stay relevant on making hardware even as it tries to transform itself into an enterprise security and consumer software company.

On Wednesday, Blackberry launched the Classic, a new phone that features a traditional keyboard at a time when rival Apple and Android phones—and most smartphone customers—have embraced touch screens. Blackberry is courting its core customer, the business user, with the new device. Whether the Classic will sell enough to keep Blackberry in the hardware business is unclear.

CEO John Chen said in a conference call that the company fulfilled 200,000 orders of its Passport phone and cut manufacturing time to about four to six weeks. But because the phones sold out "a number of times in the quarter," there was a backlog and some orders were only filled in the fiscal fourth quarter, reducing third-quarter revenue.

For the period ended Nov. 29, the Canadian company lost \$148 million, or 28 cents per share. That compares with a loss of \$4.4 billion, or \$8.37 per share, a year earlier. Stripping out some charges, earnings were a

penny per share.

Analysts polled by Zacks Investment Research predicted a loss of 6 cents per share.

Revenue dropped to \$793 million from \$1.19 billion. Analysts were looking for \$927.8 million, according to Zacks.

Blackberry said that about 46 percent of its revenue came from hardware, with another 46 percent from services. Software and other revenue was 8 percent.

Blackberry Ltd. said that it continues to target sustainable adjusted profitability some time in fiscal 2016. Since taking over as CEO little more than a year ago, Chen has been putting more emphasis on BlackBerry's mobile device management business, a collection of software that allows IT departments to manage different devices connected to their corporate networks.

He also set a goal of selling 10 million phones a year. In comparison, Apple sold 39.3 million iPhones over three months in the third quarter.

The company's stock fell 58 cents, or 5.8 percent, to \$9.49 in morning trading Friday.

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