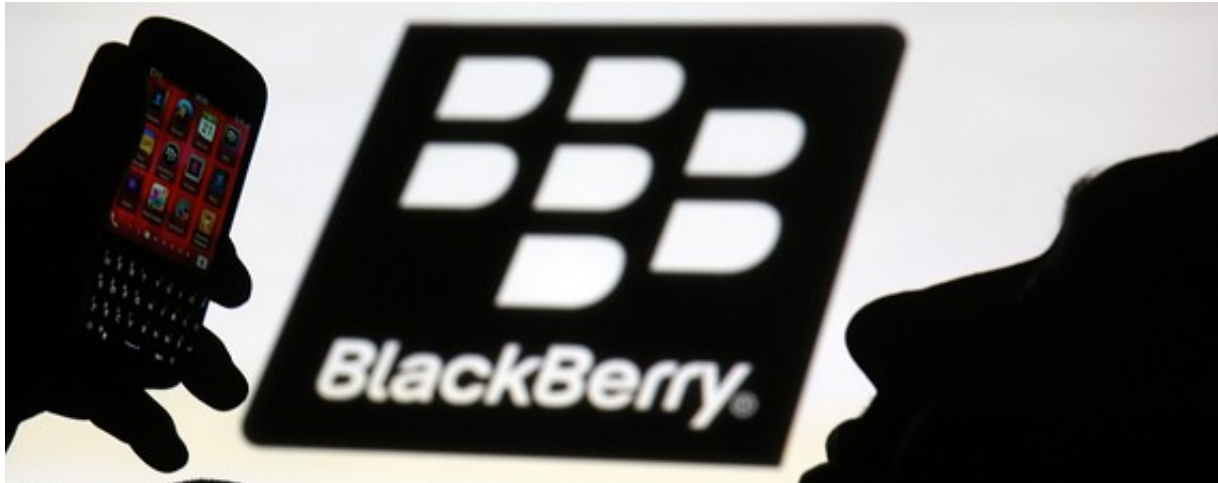


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# Was BlackBerry ‘The Worst Miss Ever?’ Analysts React

By David Benoit



Reuters

[BlackBerry](#) is getting blasted by Wall Street.

[The smartphone maker's preliminary results](#) were so bad that one analyst suggested they were the worst miss ever, while another upgraded the stock, but only on the expectation it will get sold at the low price of \$8 a share. That would still be 8% below where they fell to on Friday.

Investors are selling off in kind, with the stock down 3% to \$8.49 Monday.

Here are some notable reactions from Wall Street.

**Nomura — The worst miss ever?** – “This might just be the worst miss that we have seen in 17 years of covering tech stocks. ... In the absence of an announcement on strategic options by the board, management can only try to manage the pace of declines.” The analysts cut their price target to \$9 a share from \$10 and left a neutral rating on shares.

**Charter Equity Research — The Handset Death Spiral** – Charter downgraded the stock to underperform from market perform. “The company is following in the footsteps of so many before it that have tried to overcome the nearly insurmountable odds of reestablishing a channel and brand that’s fallen out of favor with consumers. ... With its best efforts in smartphones failing and its market share in its core enterprise business in decline, we believe it will slip further into the Handset Death Spiral until it’s eventually purchased at a deep discount or

ceases operations. No handset OEM has ever recovered from this level of decline and it doesn't appear that BlackBerry will be the first."

**Baird — A sad upgrade** – "With our thesis largely played out, and the stock likely now to be entirely driven by sum-of-the-parts take-out scenarios, we are raising our rating from Underperform to Neutral with an \$8 target price. Our \$8 target price is based on \$4 per share in current net cash and an assumed \$4 for IP value, with no value ascribed to the other assets, though we acknowledge there is a case to be made for some value for the services cash flow and enterprise assets, which if unlocked, could provide some upside from here."

**RBC — Buyers may be few** – BlackBerry's Canadian brethren, RBC, warn that cash is an issue and cut the stock to underperform from sector perform while matching the lowest price target on the Street of \$5. "We estimate that without another major round of layoffs, BlackBerry may run out of cash in 12–24 months ... Post Google/Motorola and Microsoft/Nokia, we don't see an urgent need for potential patent buyers to amass IP."

More In BlackBerry

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[Point72, Formerly SAC Capital, Bets on BlackBerry and Booz Allen](#)

[BlackBerry's Tongue Untwisted](#)

[BlackBerry's Long Road Ahead](#)

[BlackBerry All Keyed Up](#)

**Macquarie — "Takeunder or bust"** – "We believe BBRY's Board, management, major shareholders and the Canadian government will need to accept a low offer quickly before liquidity becomes an issue and valuable enterprise services customers depart en masse. ... Given the cash burn and likely subscriber losses, we do not see a sale price over \$10."

**Raymond James — Be wary of [that plan to not sell to consumers](#)** -- "Giving up on the large consumer market (plus the weak BB10 numbers) will have a chilling effect on developer support for the platform however."

**Oppenheimer — Finds one positive in results** – "Roughly half of the \$1.6B in sales is from services, which is flattish QoQ with 1Q-FY14's \$798M level. This is the lone positive in a dismal quarter and suggests some value could be squeezed from the enterprise platform in a piecemeal sale."

**Apple Inc. — Just setting records over here** – Apple, of course, didn't comment on BlackBerry, but it did announce how many new iPhones it sold over the weekend launch: [9 million, a record for a launch](#). That rubs some salt in BlackBerry's wounds, given BlackBerry announced it would recognize the sale of just 3.7 million phones for the entire quarter.

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