

BlackBerry shares rise on news of potential buyers

By SEAN SILCOFF
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A weekend report said the smartphone maker has attracted inquiries from other firms about selling company in pieces

Investors pushed up BlackBerry Ltd. shares Monday after one report said several tech giants are in talks to buy parts of the beleaguered smartphone maker's business, while another argued its shares were trading for less than the company's liquidation value.

BlackBerry shares closed up by 4 per cent on the Toronto Stock Exchange at \$8.20 after Reuters reported on the weekend that BlackBerry was in contact with Cisco Systems, Google Inc. and SAP about possibly selling the company in pieces. The talks were reported to be separate from a conditional deal with a consortium led by Fairfax Financial Holdings, BlackBerry's largest shareholder, to sell the company whole for \$9 (U.S.) per share.

Buyout firm Cerberus Capital Management, a specialist in distressed situations, has also sought to look at BlackBerry's books to determine whether it too will make a bid. Sources close to discussions regarding Fairfax's conditional bid told the Globe last week the insurance and investment firm led by Prem Watsa has been surprised by the number of overtures it had received from potential partners following the announcement of its conditional deal last month.

BlackBerry declined to comment about the reported interest by Cisco and others, saying in a statement only that the board's special committee and its advisers are "conducting a robust and thorough review of strategic alternatives."

Jack Gold, president and principal analyst with J. Gold Associates of Northborough, Mass., said in a note to clients that several tech industry players, including Microsoft and Oracle, might be interested in separate pieces of the BlackBerry business, including its patents, secure network and its BlackBerry Messenger instant messaging service. But he added: "I don't see any of them wanting to acquire and run BlackBerry as a 'whole' entity ... I'm still of the opinion that the Fairfax deal could be the best way forward for BlackBerry, as they could run [the business] for awhile and significantly increase the overall company rather than the 'fire sale' going on right now."

Meanwhile, **Veritas Investment Research** analyst **Neeraj Monga**, a long-time pessimist about BlackBerry, said in a report that with the stock trading well below Fairfax's offer price and approaching its liquidation value, "we believe that the payoff now work[s] in investors' favour ... from a risk-reward perspective, at the current stock price, it is one of the rare occasions since we initiated coverage on BlackBerry where we see the tilt in favour of investors."

BlackBerry also got a rare bit of good news Monday, when Thomson Reuters named the company one of its "Top 100 Global Innovators" on account of a surge in the amount of patent filings it made in 2011 and 2012. However, the list was crowded with other key names in the smartphone business, including industry giants Apple, Google – the company behind the Android operating system – and Microsoft, as well as handset makers Samsung Electronics, Ericsson and LG Electronics. The Wall Street Journal also reported some retailers at a global industry conference in Dubai were offering the company's failed all-touchscreen Z10 phone for sale at a steep discount to its launch price earlier this year. The company has said it would drop the price of the phone after it met with poor demand globally.