

BlackBerry agrees to sell for US\$4.7bn

OTTAWA, CANADA: BlackBerry has agreed to a US\$4.7bn buy-out by a consortium of investors who plan to take the struggling Canadian smartphone manufacturer private.



The company said in a statement that it had signed a letter of intent agreement under which a consortium to be led by Fairfax Financial Holdings Limited has offered to buy the company subject to due diligence.

Fairfax, a Canadian firm headed by billionaire Prem Watsa, is already BlackBerry's largest shareholder with approximately 10% of its shares. Watsa resigned from BlackBerry's board when it announced in August its intentions to search for a suitor.

Under the proposed deal the consortium would offer US\$9 for each outstanding share and Fairfax would contribute its own shares in the transaction.

BlackBerry said its board of directors support the plan.

A firm deal, once due diligence is completed, is expected to be announced by November. It hinges also on the consortium obtaining financing to support the deal.

BlackBerry said it would continue a search for a possibly better suitor in the interim.

Markets stopped trading in BlackBerry shares prior to its announcement. Its stock price was down six percent to US\$8.23 when trading was suspended. Analysts reacted with measured optimism.

"This is probably the best possible outcome of several unattractive options for BlackBerry," said analyst Jack Gold of J Gold Associates.

While BlackBerry helped create a culture of mobile users who were glued to the company's smartphones, many of those customers have since moved to Apple or other smartphone manufacturers such as Samsung.

Last week the company announced it was laying off 4,500 staff or one-third of its global workforce after a dismal launch of new smartphones earlier this year that were meant to revive BlackBerry's fortunes.

It also said it expected to post a loss of nearly US\$1bn in the second quarter because of write-downs linked to poor sales of its Z10 smartphone, a device aimed specifically at competing with Apple and Android devices.

The company's highly-publicised launch of the BlackBerry 10 platform earlier this year failed to ignite sales.

Source: AFP via I-Net Bridge

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