BlackBerry Shares Jump on Sale Speculation

ROB GILLIES, Associated Press

Toronto (AP) — BlackBerry shares surged Tuesday on a report that its largest shareholder is looking to take the company private and on speculation about how much the company could fetch.

THE SPARK: The struggling smartphone maker said Monday it will consider selling itself. The long-awaited debut of its new phones this year has failed to turn around the struggling smartphone maker.

Canada's Globe and Mail newspaper, citing unidentified people familiar with the matter, reported that BlackBerry's largest investor is exploring ways to put together a group to acquire the company.

Prem Watsa, the founder of insurance company Fairfax Financial Holdings Ltd., is one of Canada's best-known value investors. He has a 9.9 percent stake in BlackBerry and is resigning from the Canadian company's board "due to potential conflicts that may arise during the process" of a strategic review. That's given rise to speculation that he will make a bid for BlackBerry.

"I continue to be a strong supporter of the company, the board and management as they move forward during this process, and Fairfax Financial has no current intention of selling its shares," Watsa said in a statement issued by BlackBerry Monday.

His representative did not immediately return a message seeking comment Tuesday.

THE BIG PICTURE: The BlackBerry, pioneered in 1999, had been the dominant smartphone for on-the-go business people and other consumers before Apple debuted the iPhone in 2007. In the years since, BlackBerry Ltd. has been hammered by competition from the iPhone as well as Android-based rivals.

In January, the company unveiled new phones running a revamped operating system called BlackBerry 10 designed to better compete. But its market share continues to lag. IDC said last week BlackBerry has fallen to fourth place in global smartphone sales, now trailing Microsoft. BlackBerry also warned in June of future losses.

ANALYSIS: CIBC analyst Todd Coupland suggested BlackBerry could be worth as much as $20 per share in a takeover, and that big technology companies as well as private equity firms could be interested.

Mike Walkley, an analyst with Canaccord Genuity, said Tuesday the stock is up on takeover speculation. He believes the company is worth $8 per share.

SHARE ACTION: The company's U.S.-traded shares increased 81 cents, or 7.5 percent, to $11.59 in afternoon trading Tuesday. The stock had dropped 9 percent this year.

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