



The Hidden Message in BlackBerry's Results

Description

There were two critical pieces of information in today's **BlackBerry** (TSX:BB,NASDAQ:BBRY) release that are getting attention, but maybe not the right kind of attention.

The company's initial release included neither the number of new BlackBerry 10 devices that have been sold or where the overall subscriber base currently stands. This is information that the public markets crave.

These numbers were eventually announced during the conference call, but the company also indicated it won't release subscriber numbers going forward.

From an investor's standpoint, this may seem crazy. What company that is optimistic about its future doesn't want to prove how well it's doing?

From the company's perspective however, all these numbers do is lead to wild predictions from the masses and violent moves in the stock price. Neither of which is conducive to a company that is trying to build for the future. With the long-term squarely in focus, quarter by quarter updates on items such as the subscriber base and how it compares to some analyst's guess create nothing more than noise.

The Big Picture

In the grand scheme of things, BlackBerry doesn't need the equity market. As we reported [in an earlier post](#), the company has never been more flush with cash, and is generating approximately \$500 million of free cash every quarter. Financing, which is one of the equity market's primary functions, is not an issue.

By not catering to the desires of the multitudes of market participants that follow this company, this message is effectively being communicated. Which brings us to an intriguing possibility.

BlackBerry's largest shareholder is Hamblin Watsa, which is led by famed Canadian investor Prem Watsa, and serves as the investment arm of Canadian insurer **Fairfax Financial** ([TSX:FFH](#)).

Watsa is on BlackBerry's board, presumably knows the company as well as anyone, and has been reasonably clear about how confident he is in the long-term prospects offered by the fallen tech giant.

Given BlackBerry's still sizeable cash flows, it wouldn't take much for Watsa to take this company private. With \$3 billion of cash on its balance sheet, BlackBerry's Enterprise Value after all is just \$2.5 billion. I'm no investment banker, but, Fairfax has indicated it has \$1 billion of excess capital at the holding company level. To borrow a few billion more to get a deal done, with BB's cash flows, doesn't seem like it would be much of a stretch.

Foolish Takeaway

I'm sure BlackBerry's CEO Thorsten Heins would be a very happy man if he could rid the company of all the noise created by being a publicly traded entity. Especially because being a publicly traded entity isn't an integral part of the firm's long-term existence. Watsa could bring BlackBerry into the FFH fold, let them do their thing in relative obscurity, and see what happens over the next 5 years. Stranger things have happened!

Looking for a smoother ride to riches than BlackBerry shares offer? [Click here now](#) to download our special **FREE** report "**3 U.S. Stocks that Every Canadian Should Own**". These 3 companies prove that investing doesn't have to be the emotional roller coaster that BlackBerry makes it out to be.

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