



M&A Plays of the Day: BlackBerry Agrees to Be Gobbled Up by Fairfax

Description

While we don't believe in paying too much attention to buyout rumors and speculating on potential takeover targets, Fools should definitely try to keep up with M&A news that is officially announced — just in case they're material to our investing thesis.

What: Embattled smartphone maker **BlackBerry** (TSX: BB, NASDAQ:BBRY) said on Monday that it has signed a deal to be bought by a consortium led by 10% owner, **Fairfax Financial** ([TSX: FFH](#)), for a price of \$4.7 billion.

So what: It's no secret that BlackBerry [has struggled severely](#) in recent years to remain relevant, but the move to become private may help management restructure without the pressure of failed moves continuing to drag down its share price. Of course, without access to public capital markets, taking on cash-spewing 800-lb. gorillas like **Apple** and **Google** might prove to be too tall an order.

Now what: BlackBerry and Fairfax agreed to complete due diligence by Nov. 4, with BlackBerry permitted to enter into talks with other potential acquirers. "We can deliver immediate value to shareholders, while we continue the execution of a long-term strategy in a private company with a focus on delivering superior and secure enterprise solutions to BlackBerry customers around the world," Fairfax CEO Prem Watsa said in a statement. So while BlackBerry may now solicit competing bids for a six-week "go-shop" period, holding out for a dramatically better offer given the company's flimsy bargaining position doesn't seem prudent.

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Fool contributor Brian Pacampara doesn't own shares in any companies mentioned. David Gardner owns shares of Apple and Google. Tom Gardner owns shares of Google. The Motley Fool owns shares of Apple and Google.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:FFH (Fairfax Financial Holdings Limited)

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