



## Why BlackBerry Shares Plunged Again

### Description

*Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.*

**What:** Shares of embattled smartphone maker **BlackBerry** (TSX: BB, NASDAQ:BBRY) plummeted 16% today after abandoning the plan to sell itself.

**So what:** After failing to get a buyout offer finalized by Monday's strategic review deadline, BlackBerry said that it will instead sell \$1 billion of convertible debt to its largest shareholder, **Fairfax Financial Holdings** (TSX: FFH), and other investors, reigniting concerns over the company's future. Additionally, BlackBerry announced that former Sybase chief executive John Chen will replace Thorsten Heins as new CEO once the debt deal closes, suggesting that the for-sale sign will stay down for a while as the company continues its *own* turnaround attempt as a going concern.

**Now what:** BlackBerry will now look to capitalize on its previously undermanaged core enterprise offerings. "BlackBerry is an iconic brand with enormous potential — but it's going to take time, discipline and tough decisions to reclaim our success," [said](#) Chen. "I look forward to leading BlackBerry in its turnaround and business model transformation for the benefit of all of its constituencies, including its customers, shareholders and employees." But while the \$1 billion cash injection certainly buys BlackBerry some time, Chen will need to communicate, let alone execute, a dramatically new strategy for the downward share price spiral to slow.

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Fool contributor Brian Pacampara doesn't own shares of any companies mentioned. The Motley Fool doesn't own shares of any companies mentioned.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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2. TSX:BB (BlackBerry)

## Category

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