Samsung / BBRY Pitch Book

Eduard Biller Paul Dawson Mashada Kamal Simon Foucher

AGENDA

DEAL OVERVIEW

TERM SHEET

Target- BlackBerry Ltd. (NASDAQ:BBRY) **Acquirer-** Samsung Electronics Co. Ltd (KRX: 005930)

Purchase Price

Total deal size:	$5,659 million
Implied price per share:	$10.72
Transaction fees:	$40 million
Reservation price:	$15.76

Tax Considerations

Form:	Purchase accounting
Consideration:	100% cash

Legal

Asset purchase
Spin-off unused entities

Synergy Value

Combined synergy $14.3 billion with payback period of 3-4 years

TERM SHEET

Transaction process requirements

Termination penalties:	Cash penalty of $100m plus out of pocket expenses up to $20m
Other:	No shop clause
Shareholder vote:	Blackberry and Samsung shareholders must approve the deal.
Closing Date:	March 1st, 2016
Regulatory:	Approval through Industry Canada Act required

Social Issues

Organization structure:	Blackberry assets acquired by Samsung. Blackberry dissolved.
Executives:	Executives responsible for security and R&D retained
Board seats:	None
Headquarters:	Canada HQ closed but R&D functions to remain in Canada
Name:	Blackberry brand kept for marketing purposes
Reduction in workforce:	6,000 out of 7,000 total employees. Retain R&D staff.

DEAL RATIONALE

Patents

- Thousands (44,000+) of patents

Security

- Enterprise level security for their Android-based platform

Competitiveness

- Block competitors (Apple and others) from acquiring the most admired enterprise security platform

BIDDING STRATEGY

RECOMMENDED INITIAL BID OF $10.72

Bidding should be bound by the following:

- Upper bound of $15.76
- Lower bound of $10.72

Blackberry is widely considered to be on the selling block

- Current market share may already contain some acquisition premium
- Samsung must bid high enough to win over Blackberry shareholders and avoid a bidding war with other acquirers that may jump in

ACCRETION/DILUTION

Since this is essentially an asset purchase, the acquisition of Blackberry will have no immediate impact on EPS

INDUSTRY

Global Mobility and Communication Equipment Manufacturing (CEM)

GLOBAL MOBILITY

Industrial trends

10% CAGR industry growth

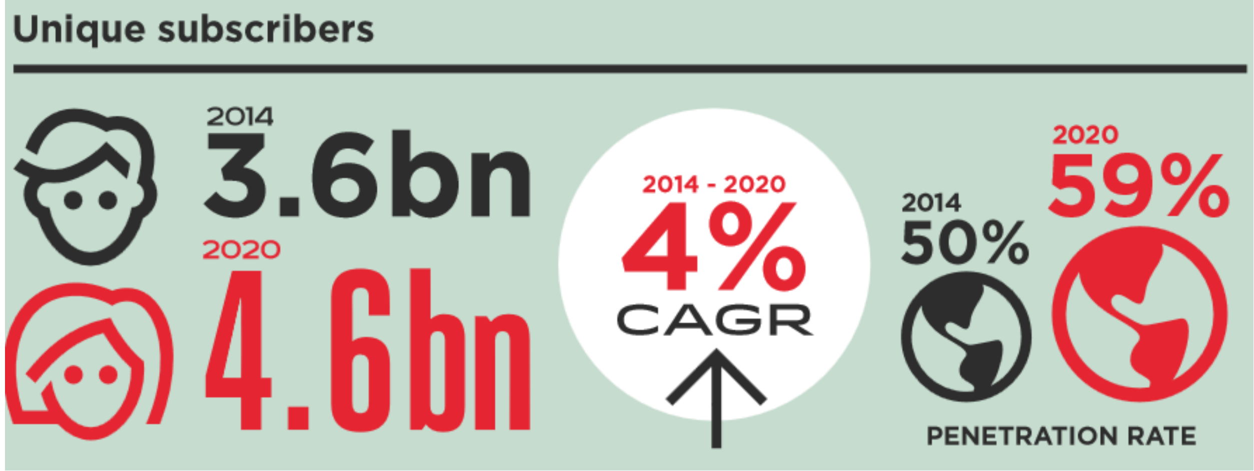
21% shipments to Chinese market

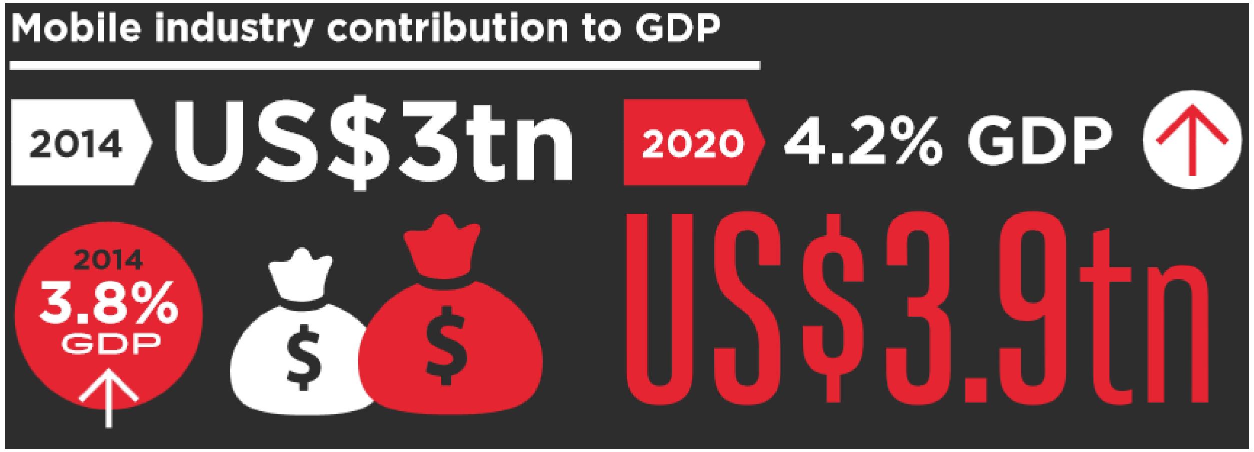
Duopoly- Apple and Samsung captures 2/3 of revenue

Rise of Chinese manufacturers

- Established manufacturers are being squeezed

The importance of intellectual property is paramount





CEM INDUSTRY IN CANADA

Revenue
$3.5bn

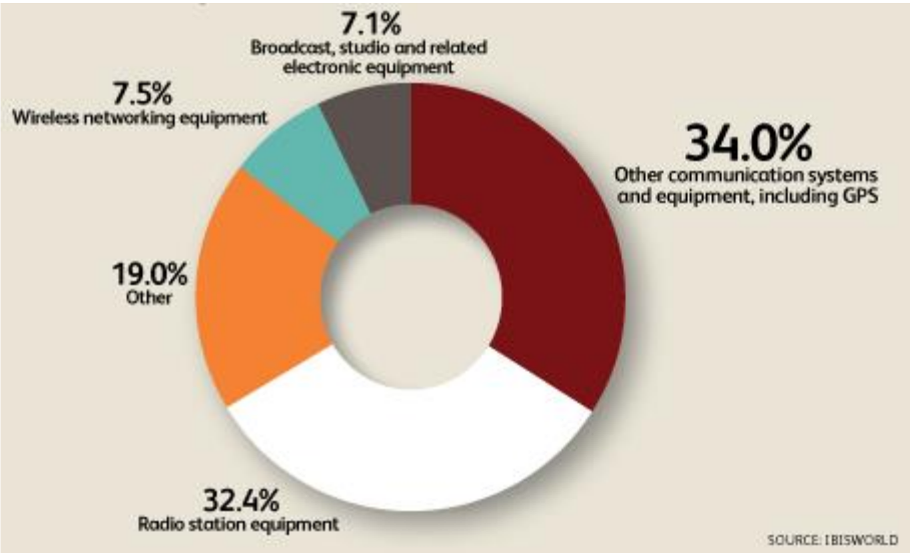
Annual Growth 10-15
-6.8%

Annual Growth 15-20
1.0%

Profit
$326.0m

Exports
$1.3bn

Businesses
156



Industry Structure

Life Cycle Stage	Decline	Regulation Level	Heavy
Revenue Volatility	Medium	Technology Change	High
Capital Intensity	Medium	Barriers to Entry	High
Industry Assistance	Low	Industry Globalisation	High
Concentration Level	Low	Competition Level	High

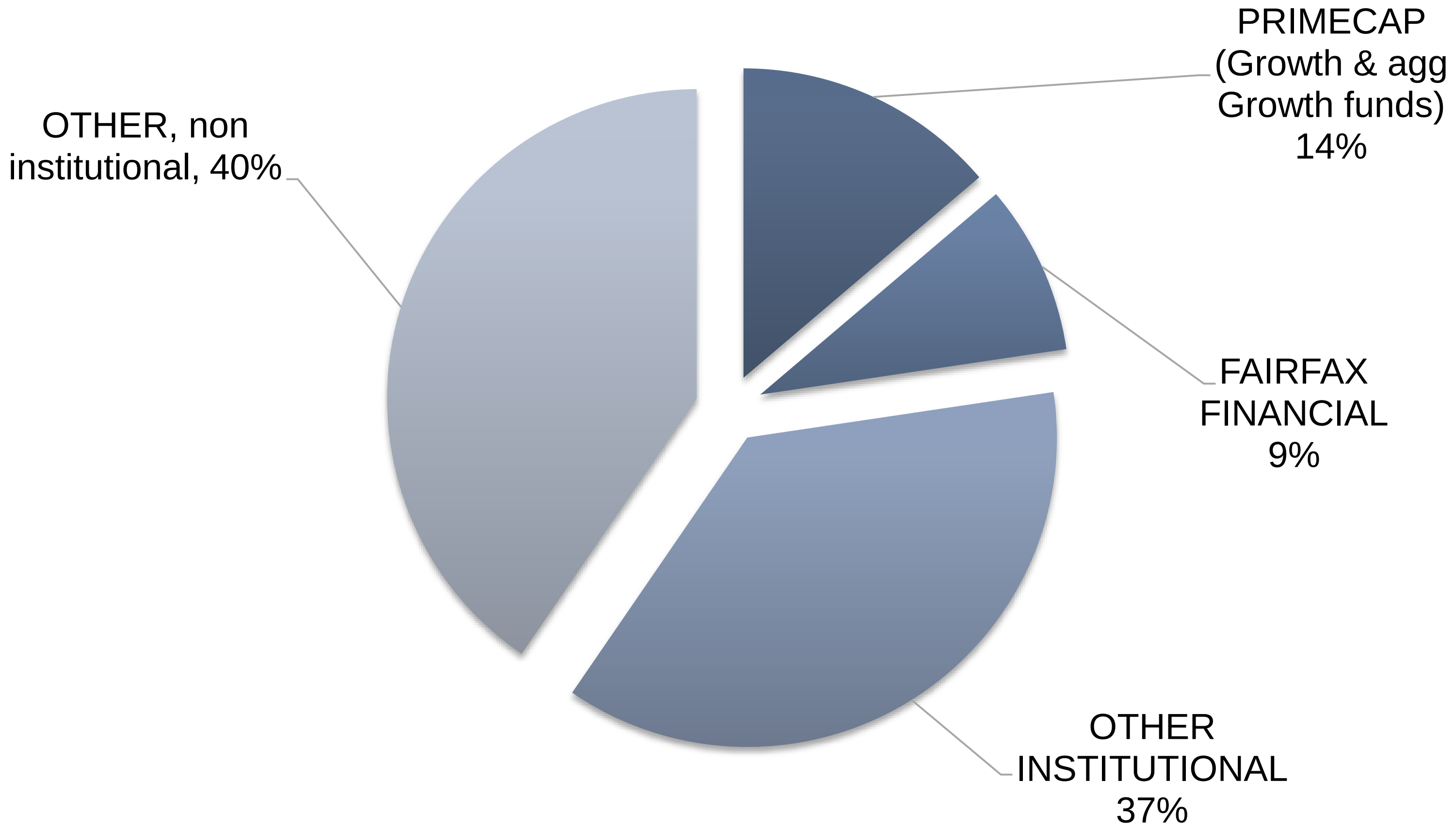
Industrial trends

- Strong competition
- Imports from China increasing at 6.6%
- Exports from Canada declining at 9.9%
- Industry profit is decreasing
- Increasing consolidation
- Experiencing increased import penetration

TARGET OVERVIEW

BLACKBERRY

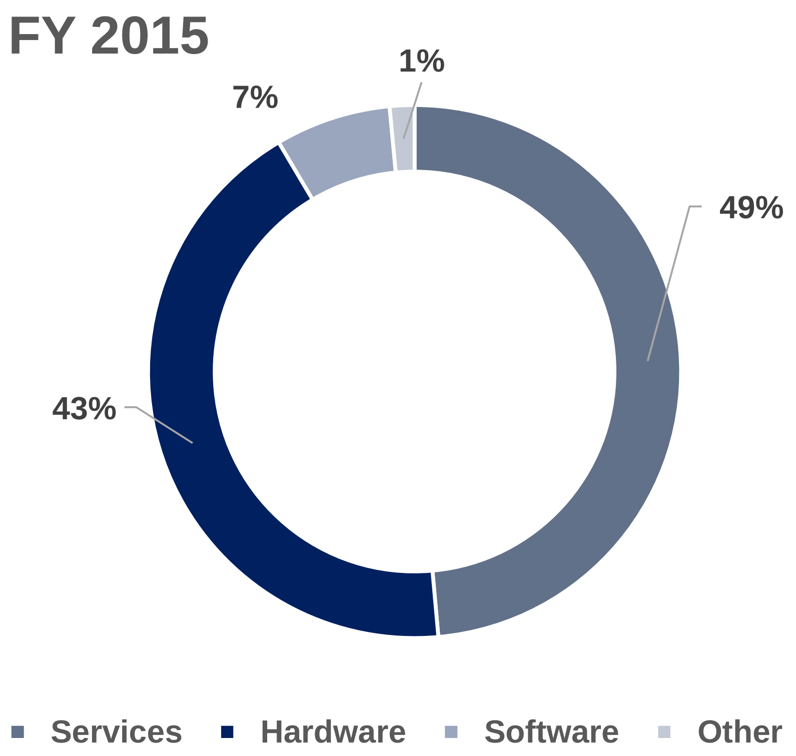
BLACKBERRY OWNERSHIP STRUCTURE



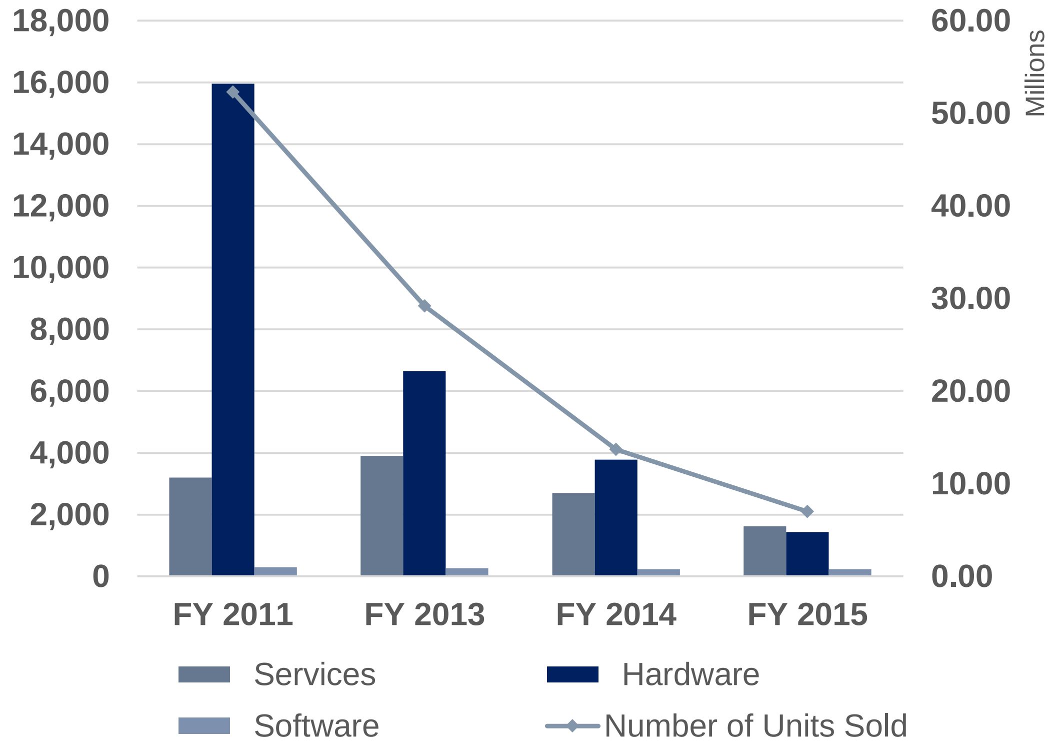
Only 2 concentrated investors

BLACKBERRY BUSINESS

Segment contribution

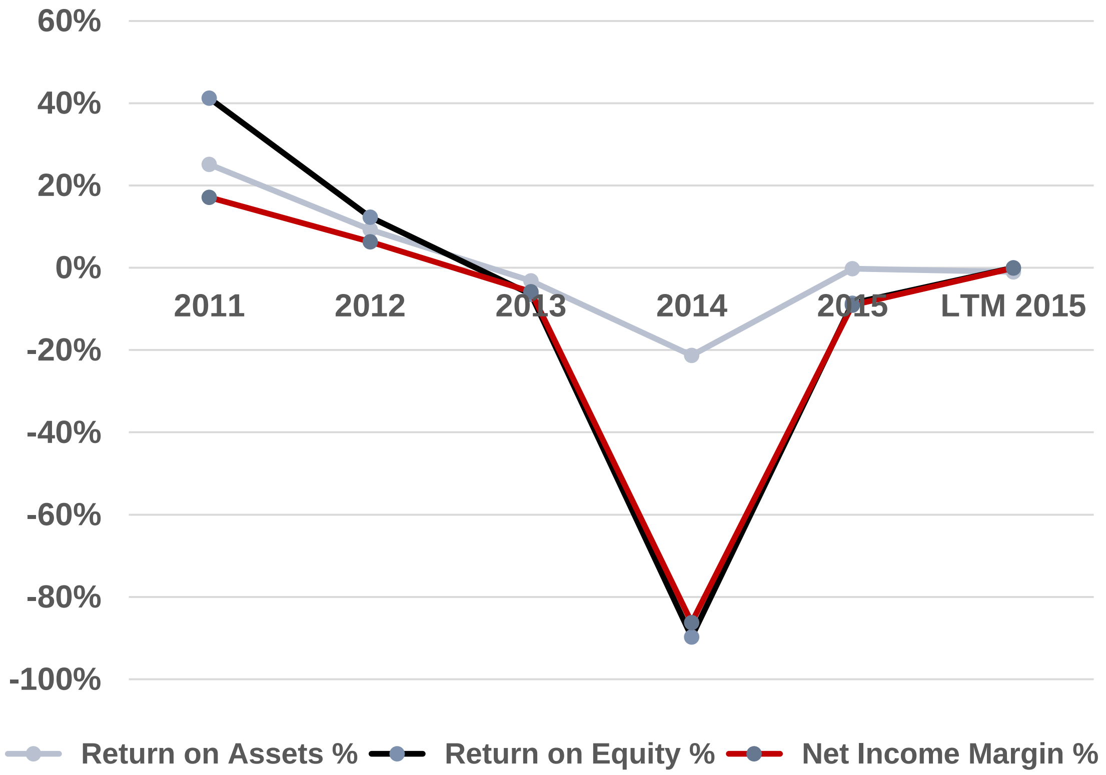


Revenue trend

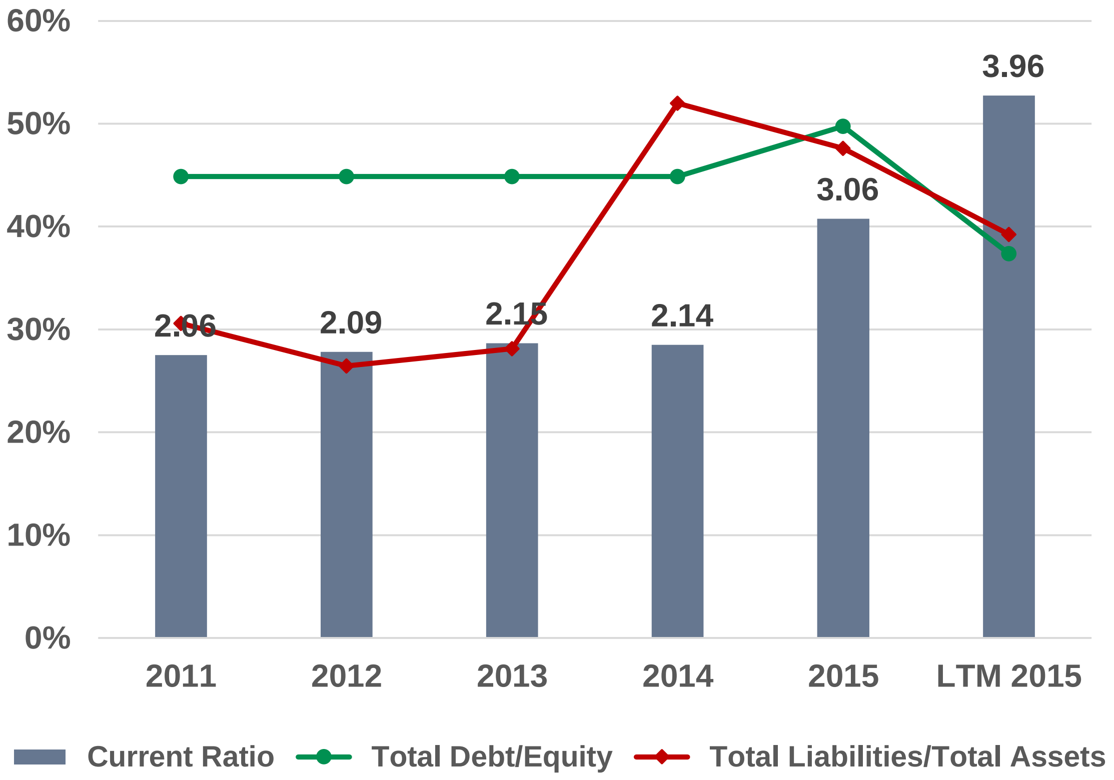


BlackBerry BUSINESS

Profitability



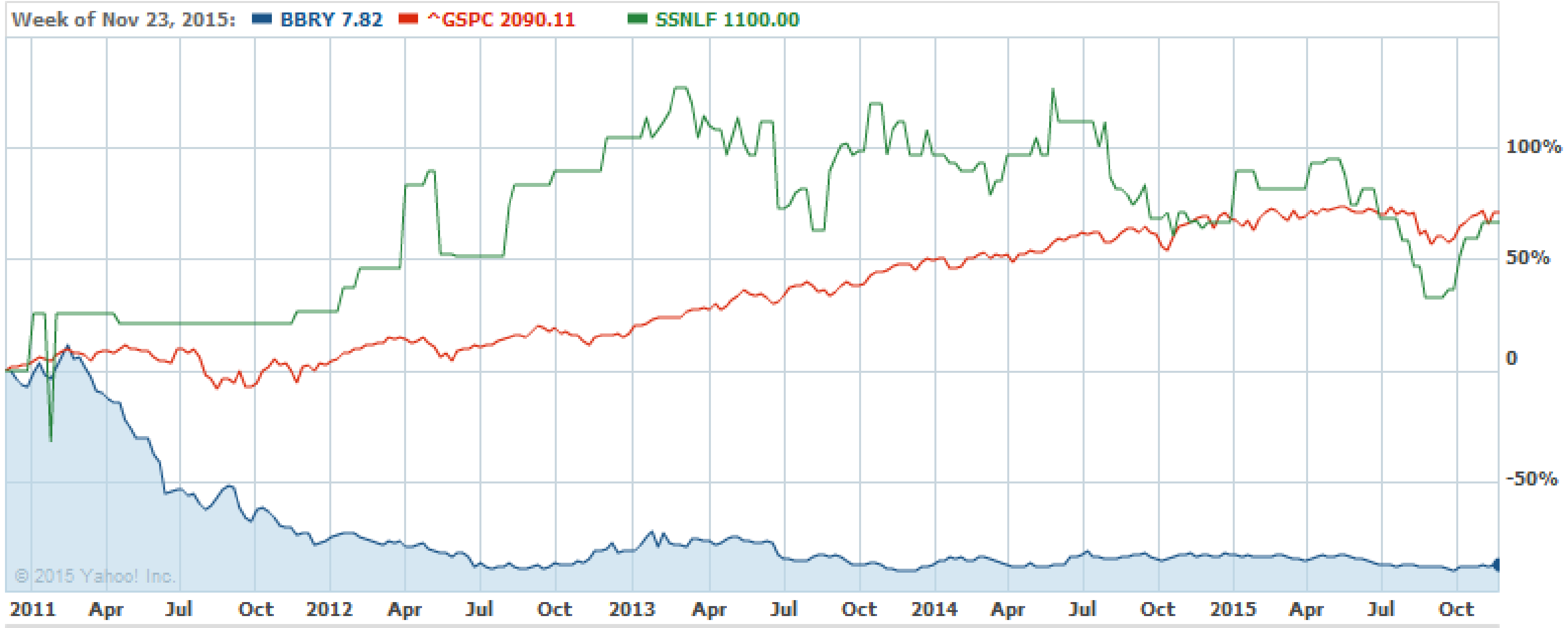
Liquidity & Solvency



BUSINESS VALUATION

Comparables and Transaction Multiples

STOCK PERFORMANCE



BlackBerry Limited (BBRY) - NasdaqGS

7.96 ↑0.14(1.73%) 2:24PM EST - Nasdaq Real Time Price

Prev Close:	7.82	Day's Range:	7.78 - 8.03
Open:	7.81	52wk Range:	5.96 - 12.63
Bid:	7.92 x 10400	Volume:	4,182,704
Ask:	7.93 x 2600	Avg Vol (3m):	6,504,240
1y Target Est:	7.14	Market Cap:	4.17B
Beta:	0.817391	P/E (ttm):	N/A
Next Earnings Date:	N/A	EPS (ttm):	-0.50
		Div & Yield:	N/A (N/A)

COMPARABLES

	Equity Multiples		
PEERS	Total Revenues	EBITDA	Tangible BV
QUALCOMM Incorporated (NasdaqGS:QCOM)	2.8x	8.3x	3.6x
Samsung Electronics Co. Ltd. (KOSE:A005930)	0.7x	2.9x	1.1x
HP Inc. (NYSE:HPQ)	0.3x	2.5x	NM
EMC Corporation (NYSE:EMC)	2x	9.8x	43.3x
Apple Inc. (NasdaqGS:AAPL)	2.8x	7.9x	5.7x
Alphabet Inc. (NasdaqGS:GOOGL)	6.1x	18.8x	5.3x
Overall High	6.1x	18.8x	43.3x
Overall Low	0.3x	2.5x	1.1x
Overall Mean	2.5x	8.4x	11.8x
Overall Median	2.4x	8.1x	5.3x
Implied Price	**$12.02**	**$10.72**	**$66.51**

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TRANSACTION MULTIPLES

Purpose	Target	Acquiring Company	Size of deal ($mn)	Equity Value Multiples: Revenue	Equity Value Multiples: EBITDA
Mobile division	Motorola Mobility	Alphabet Inc	12,033	0.7x	29.6x
Service division	Atheros Communications Inc.	QUALCOMM Inc.	3,581	3.3x	20.8x
R&D and Patents	AuthenTec Inc.	Apple Inc.	400	5.0x	106.4x
			Overall Low	0.7x	20.8x
			Overall Median	3.3x	29.6x
			Overall High	5x	106.4x
Implied Blackberry (BBRY) share price				**$14.93**	**$57.46**

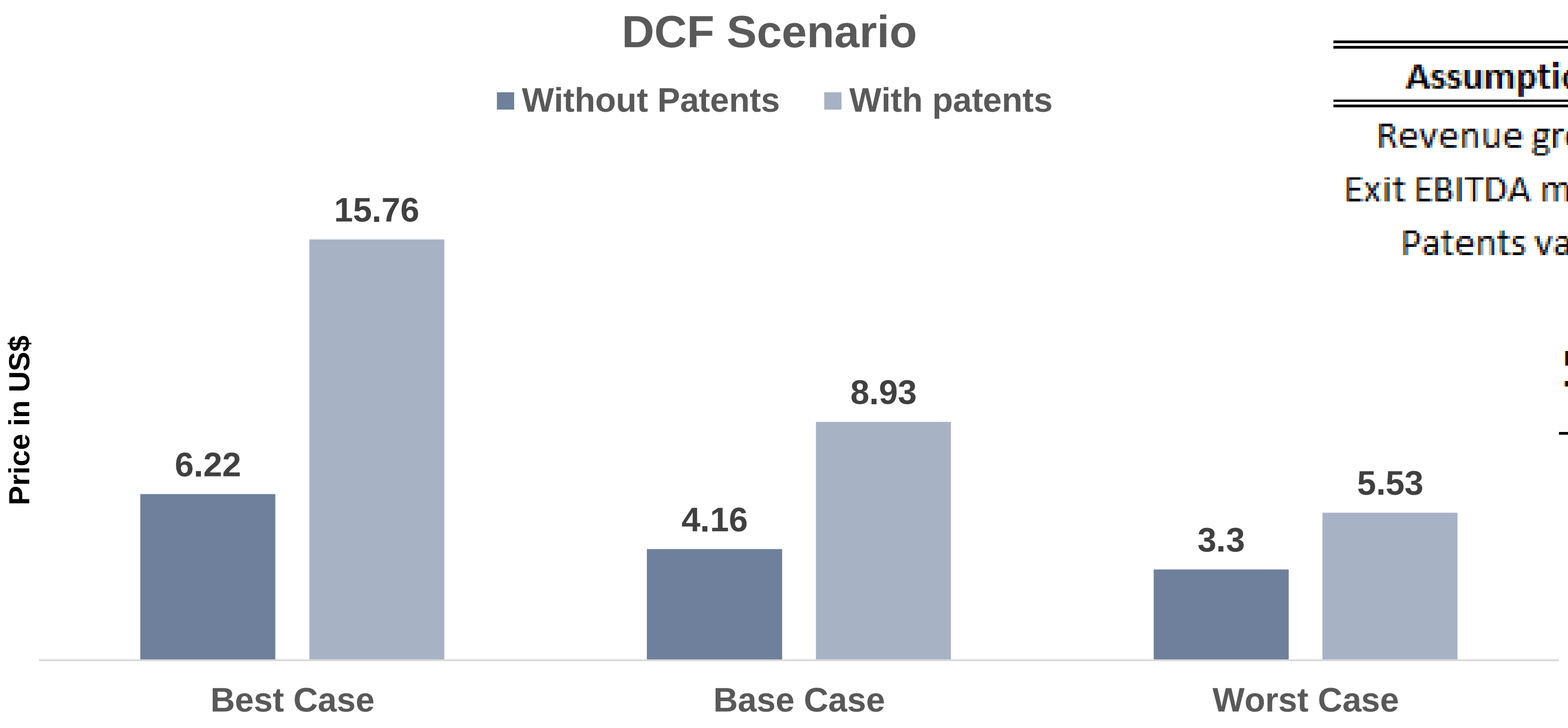
BlackBerry Limited (BBRY) - NasdaqGS

7.96 ↑0.14(1.73%) 2:24PM EST - Nasdaq Real Time Price

BUSINESS VALUATION

Discounted Cash Flow (DCF)

DCF SCENARIO



2016-2020 Estimate In US$ mill

Assumptions	Best	Base	Worst
Revenue growth	10%	0%	-10%
Exit EBITDA multiple	18x	8.4x	2.5x
Patents value	5,000	2,500	1,166

BlackBerry Limited (BBRY) - NasdaqGS
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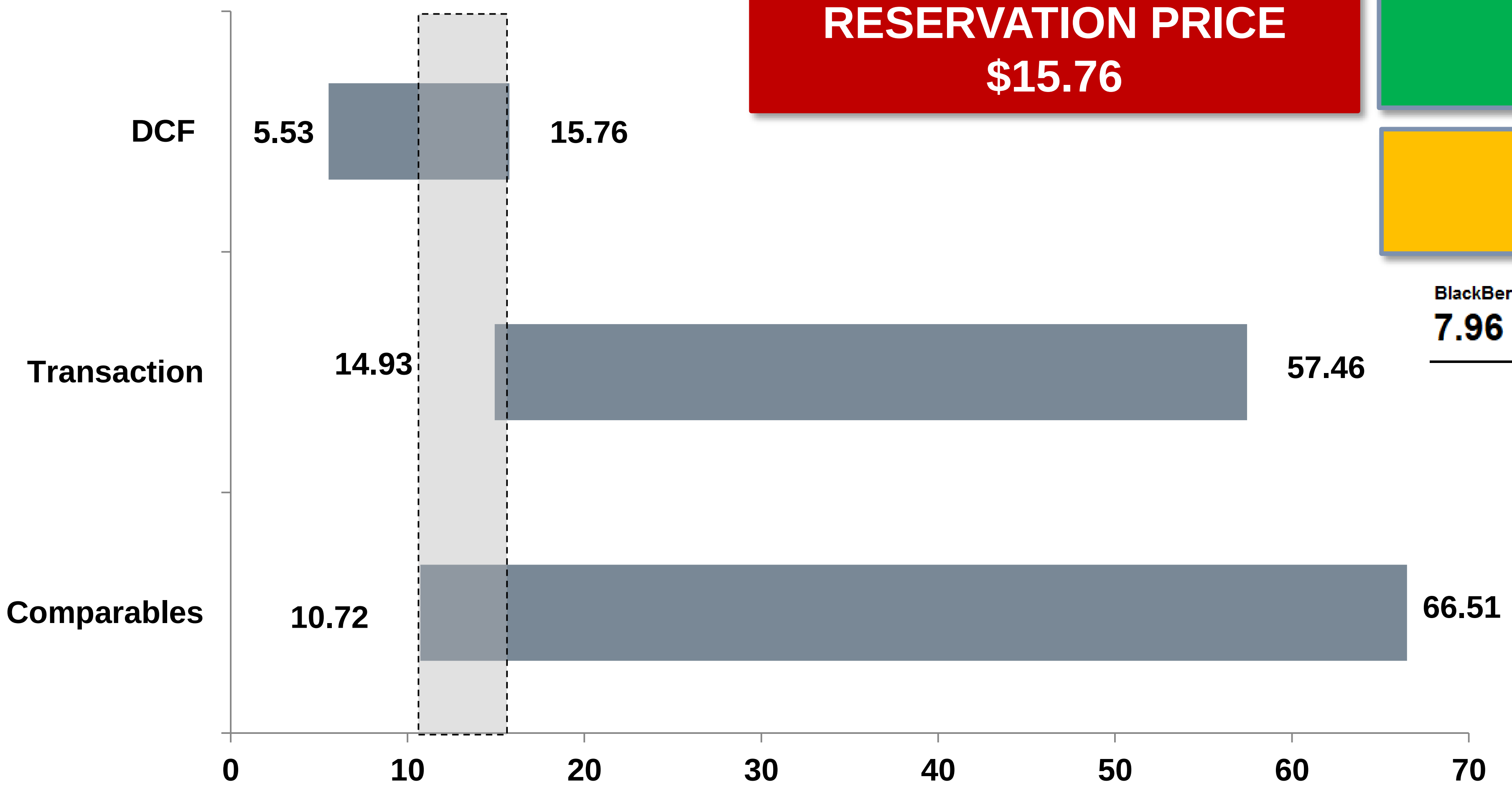
VALUATION SUMMARY



RESERVATION PRICE
$15.76

BID PRICE
$10.72

BID PREMIUM
35%

BlackBerry Limited (BBRY) - NasdaqGS
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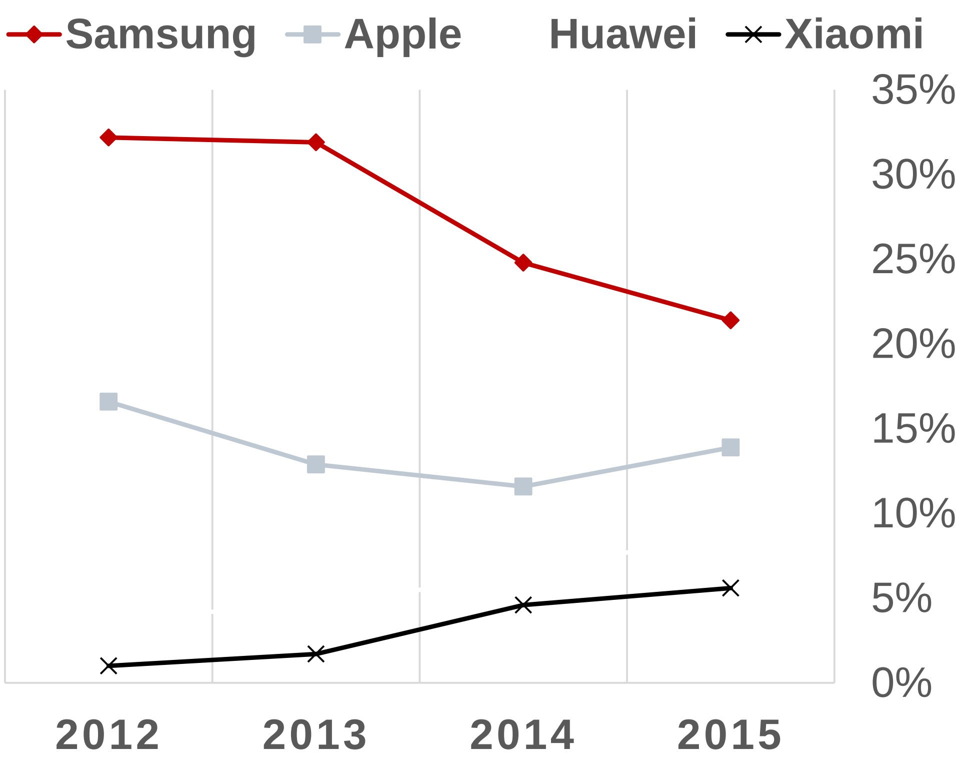
BLACKBERRY INTEGRATION WITH SAMSUNG

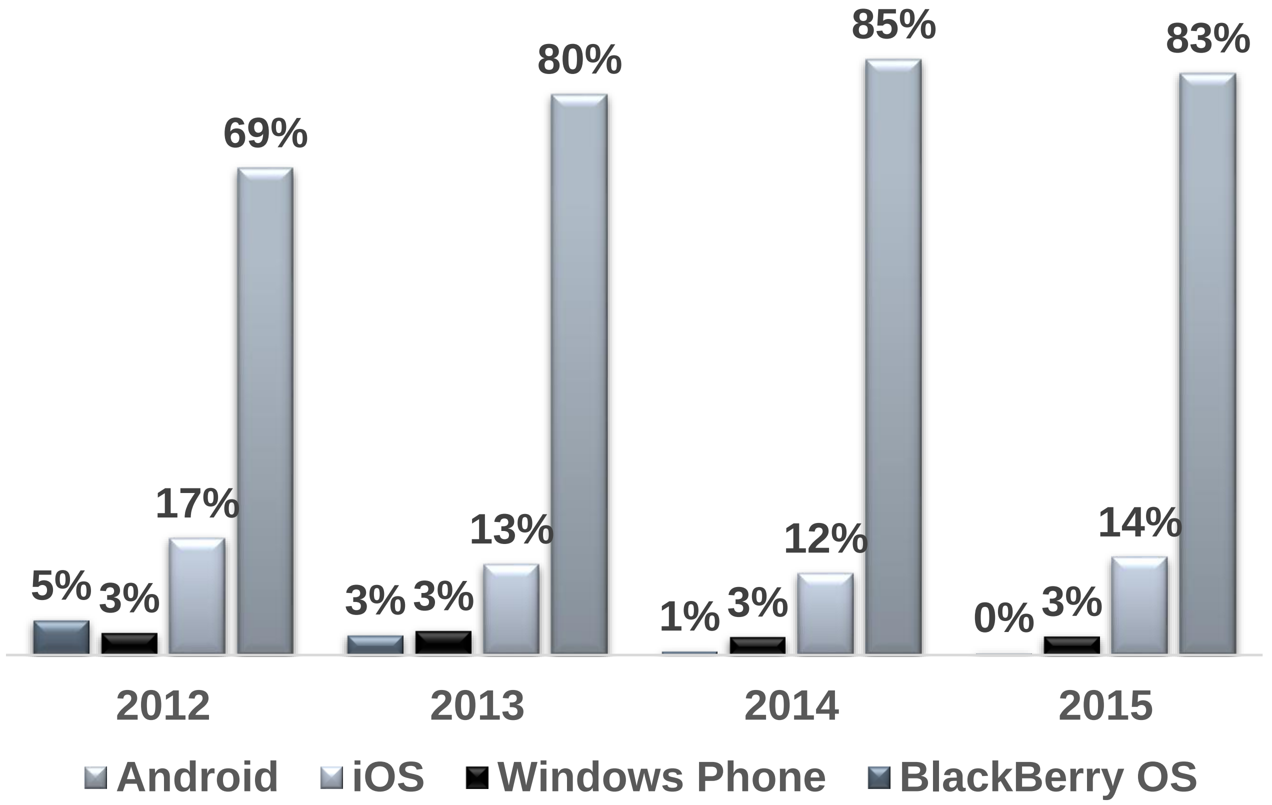
Samsung division	Blackberry	Fit with Samsung
Smartphones		Scrap it/Sell it
Enterprises		Gives a major market share since Android is insecure
Mobile Devices		Implementation/Selling possible
Services and Support	Software	Implementation into their android version
R&D	Patents	Major upsides possible, Implementation, royalties or partial sale possible

SYNERGIES AND FORECAST

FOR SAMSUNG

LOSING MARKET SHARE WHILE ANDROID GAINS POPULARITY



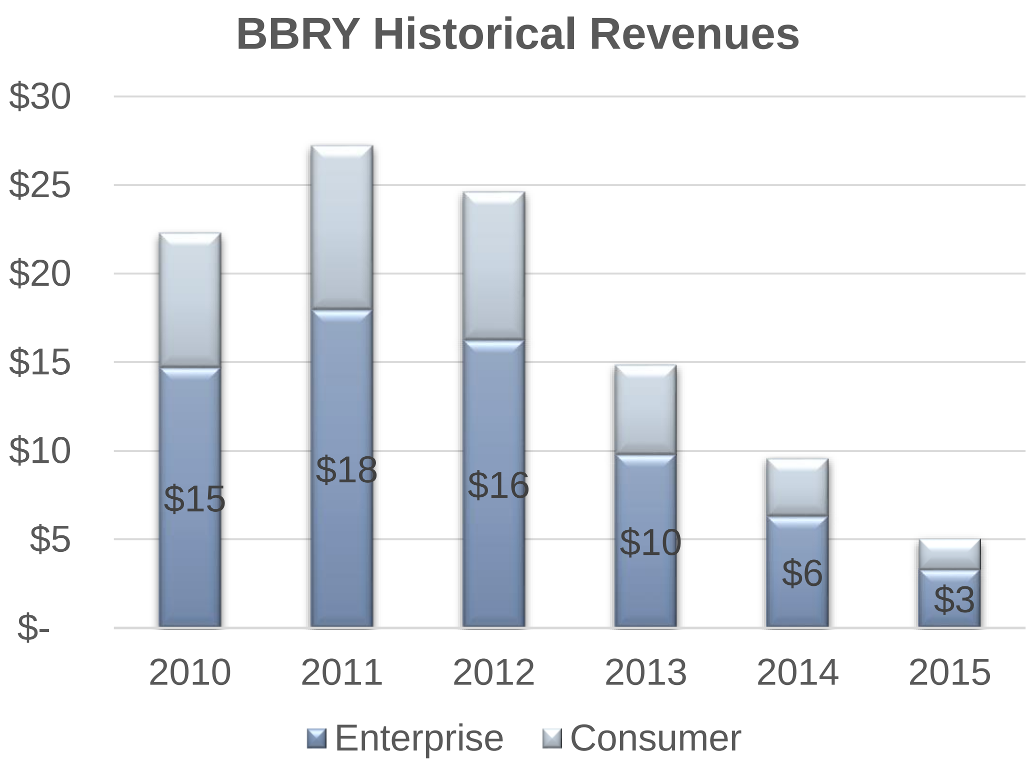


Present need to react

SYNERGIES

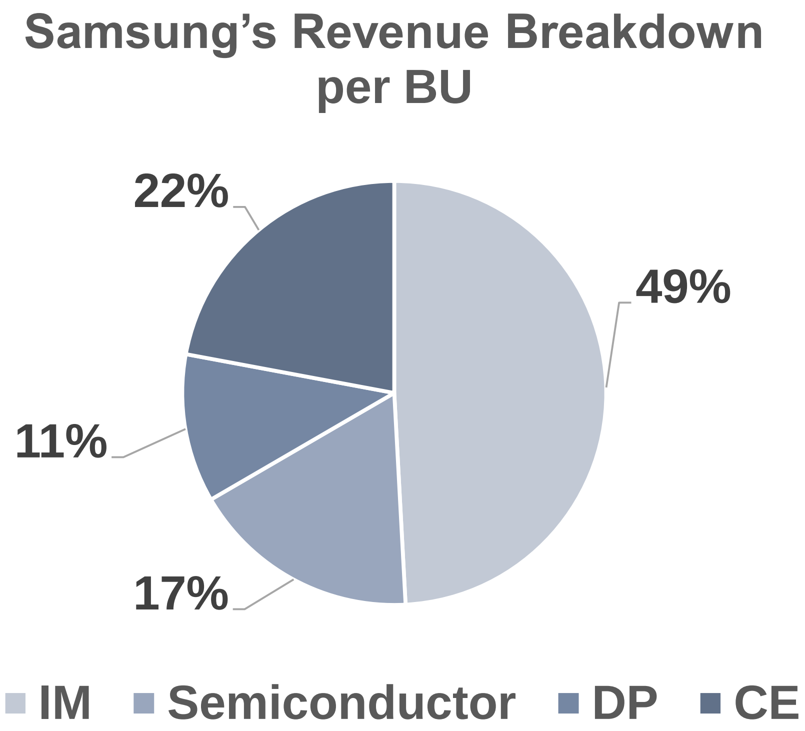
Top line growth	Bottom line savings
• Leverage BBRY's "secure" reputation and distribution network • Increased sales in enterprise segment	• Integrate BBRY's secured network infrastructure • Decommission expensive (and unsuccessful "KNOX" project • Significantly reduce spending in R&D • Also savings in Sales/Distribution

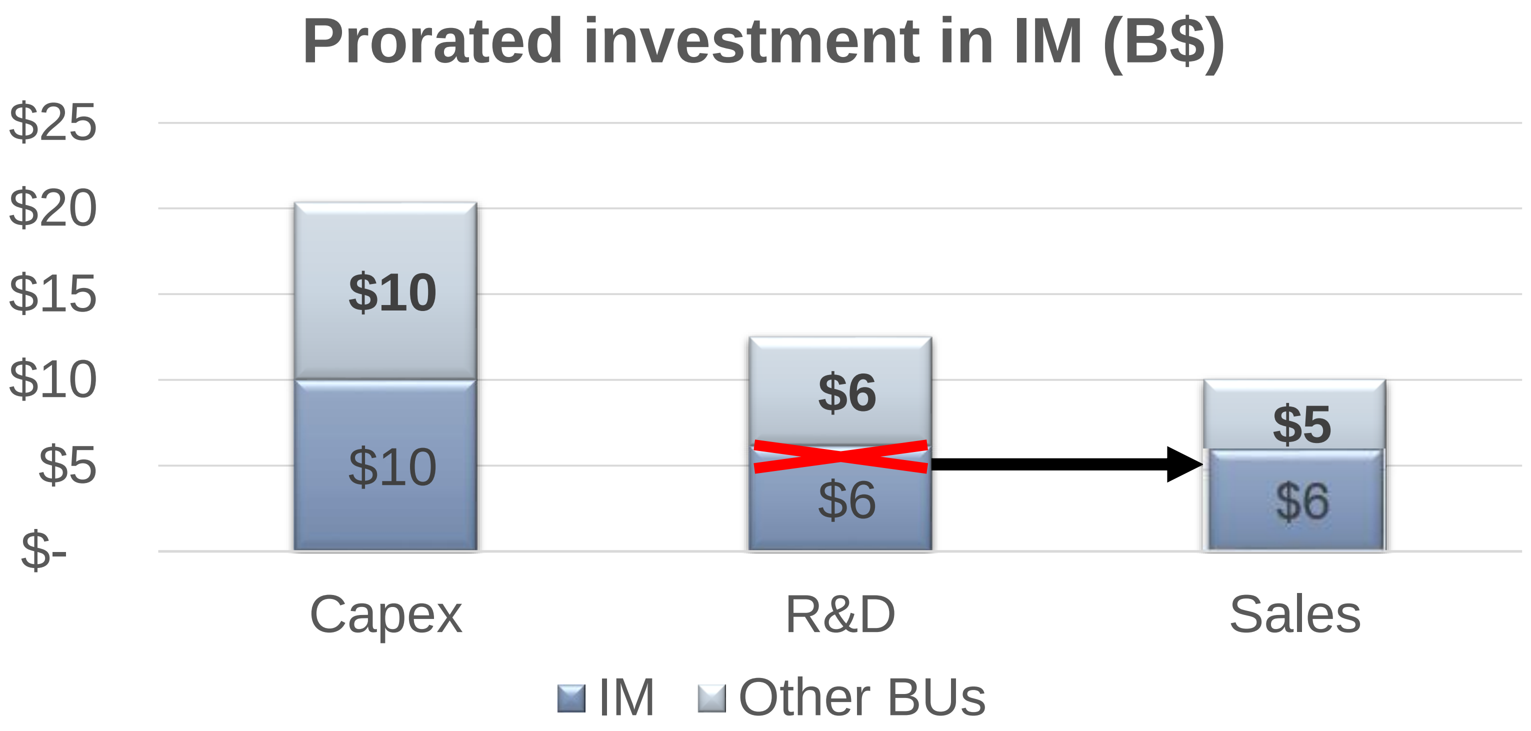
Top line growth



- Initial 3B$ sales from enterprise segment
- Potential to reach $25B (assuming 10% growth)
- At 30% margins, additional profits 1-8B$

SYNERGIES FROM SAVINGS IN R&D





Retiring KNOX frees 1B$ to re-invest in Sales

SUMMARY

	2015A	2016E	2017E	2018E	TV
Incremental Revenues	$ 3.0	$ 5.4	$ 8.6	$ 12.1	$ 20.2
Cogs	$ (2.1)	$ (3.8)	$ (6.0)	$ (8.5)	$ (14.1)
Profits	**$ 0.9**	**$ 1.6**	**$ 2.6**	**$ 3.6**	**$ 6.0**
Transaction cost (6%)	$ (0.4)				
Integration Cost	$ (0.5)	$ (0.5)			
Savings R&D	$ 1.0	$ 1.0	$ 1.0	$ 1.0	$ 1.0
Increased sales mkt	$ (1.0)				
Impact on EBITDA	**$ 0.40**	**$ 2.12**	**$ 3.59**	**$ 4.63**	**$ 7.05**
Discounted CF (12%)	$ 0.40	$ 1.96	$ 3.08	$ 3.67	$ 5.18

Looking at a 3-4 year payback period and 14.3B$ NPV

Risks

Risk	Mitigation
Regulatory approval	• Form consortium with CND PE Firm
FOREX fluctuations since cash deal	• CND$ currently extremely favorable
Potential proxy fight with large shareholders	• BBRY depreciated to value trap status
Ability to maintain key R&D staff amidst downsizing	• BBRY technology already mature
Unable to spin off unused acquired assets (HW division)	• Profitable deal regardless

SAMSUNG

Questions?

BlackBerry

LIST OF REFERENCE

1. http://www.gsmamobileeconomy.com/GSMA_Global_Mobile_Economy_Report_2015.pdf
2. http://www.lenovo.com/transactions/pdf/CCS-Insight-Smartphone-Market-Analysis-Full-Report-07-2014.pdf
3. http://0-clients1.ibisworld.com.mercury.concordia.ca/reports/ca/industry/competitivelandscape.aspx?entid=746#IG
4. http://0-clients1.ibisworld.ca.mercury.concordia.ca/reports/us/industry/default.aspx?entid=746
5. https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online.html
6. http://pages.stern.nyu.edu/~adamodar/
7. http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ctryprem.html
8. http://www.idc.com/prodserv/smartphone-market-share.jsp

GOOD TECHNOLOGY'S REPORT

- iOS significantly outpaced Android in regulated industries such as education (83 percent), public sector (80 percent), and financial services (76 percent).
- Android gained wider adoption in less regulated industries, increasing to 47 percent in high tech sectors and 44 percent in energy sectors.
- Secure browsing led all app categories for the second quarter in a row, representing 21 percent of all apps deployed by organizations.
- Due to the fact that RIM devices use only the BlackBerry® Enterprise Server for corporate email access, Good does not have insight into BlackBerry handset activation trends; and they are not reflected in this report.

EXHIBITS

Weighted Average Cost of Capital for BlackBerry

WACC Calculation							
		Canada	USA	UK	Other Europe	Latin America	Asia Pacific
Debt	Risk Free Rate	0.12%	0.00%	0.20%	0.15%	15.80%	5.00%
	Corporate Risk Spread			0.95%			
	Marginal Tax Rate	26.50%	40.00%	20.00%	21.60%	26.61%	21.91%
	Cost of Debt			**6.00%**			
Equity	Equity risk Premium Canada			5.75%			
	Area Risk Premium	0.00%	0.00%	0.60%	1.13%	4.20%	1.51%
	Beta			0.94			
	Cost of Equity	**5.53%**	**5.41%**	**6.17%**	**6.62%**	**25.15%**	**11.82%**
WACC	D/(D+E)			39.25%			
	E/(D+E)			60.75%			
	After-Tax WACC	**5.36%**	**4.92%**	**5.93%**	**6.16%**	**17.28%**	**9.31%**
	Weights by Sales	6.4%	23.2%	8.8%	34.2%	11.4%	16.0%
	Weighted AverageAfter-Tax WACC			**7.57%**			

BlackBerry Patent Valuation using Black&Scholes Model

US$mill

VALUING A LONG TERM OPTION/WARRANT

Patent Book value	**$ 1,166.00**	T.Bond rate=	**2.35%**
Strike Price=	**$ 1.00**	Variance=	**0.4225**
Expiration (in years) =	**12**	Annualized dividend yielc	**0.00%**

d1 =	4.387122312
N(d1) =	0.999994257
d2 =	2.135456262
N(d2) =	0.98363812

Value of the product patent/project right = **$ 1,165.25**

Base Case DCF Scenario with Patents valuation

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Select a Scenario:
Scenario 1: Base Case

in million USD	Historical Period 2012	2013	2014	2015	LTM	Projection Period 2016E	2017E	2019E	2020E
Net Sales	**18,423**	**11,073**	**6,813**	**3,335**	**2,601**	**2,601**	**2,601**	**2,601**	**2,601**
% growth		*-39.90%*	*-38.47%*	*-51.05%*	*-22.01%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
EBITDA	**3,020**	**683**	**- 5,516**	**351**	**86**	**86**	**86**	**86**	**86**
% margin	*16.39%*	*6.17%*	*-80.96%*	*10.52%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*
Depreciation and Amortization	1,523	1,918	1,270	694	659	130	130	130	130
EBIT (Operating Income)	**1,497**	**- 1,235**	**- 6,786**	**- 343**	**- 573**	**- 44**	**- 44**	**- 44**	**- 44**
% margin	*8.13%*	*-11.15%*	*-99.60%*	*-10.28%*	*-22.03%*	*-1.69%*	*-1.69%*	*-1.69%*	*-1.69%*
Taxes	440	- 363				- 13			
EBIAT	**1,057**	**- 872**	**- 6,786**	**- 343**	**- 573**	**- 31**	**- 44**	**- 44**	**- 44**
Depreciation & Amortization	1,523	1,918	1,270	694	659	130	130	130	130
Capital Expenditures	396	671	929	562	567	284	284	284	284
Changes in Net Working Capital	-	- 195	- 651	- 409	- 230	505	- 5	- 5	- 5
Unlevered Free Cash Flow	**2,010**	**1,885**	**- 442**	**726**	**709**	**709**	**709**	**709**	**709**
WACC	**7.57324466%**								
Present Value of Free Cash Flow						**684**	**635**	**591**	**549**

Enterprise Value	
Cumulative Present Value of FCF	2,459
Terminal Value	
Terminal Value EBITDA (2020E)	86
Exit Multiple	8.40 x
Terminal Value	**722**
Discount Factor	0.775
Present Value of Terminal Value	**560**
% of Enterprise Value	*18.54%*
Enterprise Value	**3,018**

Implied Equity Value and Implied Share Price	
Enterprise Value	3,018
Less: Total Debt	2,285
Less: Preferred Securities	0
Less: Noncontrolling Interest	0
Plus: Cash and Cash Equivalents	1,447
Implied Equity Value	**4,680**
Implied Share Price	**8.93**

Implied Perpetuity Growth Rate	
Terminal Year Free Cash Flow (2018E)	709
WACC	7.57%
Terminal Value	722
Implied Perpetuity Growth Rate	**-45.71%**

Implied EV/EBITDA	
Enterprise Value	3,018
LTM EBITDA	86
Implied EV/EBITDA	**35.10 x**

Enterprise Value

	Exit Multiple				
WACC	7.40 x	7.90 x	8.40 x	8.90 x	9.40 x
6.57%	3,013	3,047	3,081	3,116	3,150
7.07%	2,982	**3,016**	**3,050**	**3,083**	3,117
7.57%	2,952	**2,985**	**3,018**	**3,052**	3,085
8.07%	2,922	**2,955**	**2,988**	**3,021**	3,053
8.57%	2,893	2,925	2,958	2,990	3,022

Enterprise Value

	Perpetuity Growth Rate				
WACC	-46.71%	-46.21%	-45.71%	-45.21%	-44.71%
6.57%	3,071	3,081	3,092	3,104	3,115
7.07%	3,034	**3,044**	**3,055**	**3,066**	3,077
7.57%	2,998	**3,008**	**3,018**	**3,029**	3,040
8.07%	2,963	**2,973**	**2,983**	**2,993**	3,003
8.57%	2,928	2,938	2,948	2,958	2,968

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Implied Equity Value	**2,180**
Implied Share Price	**4.16**

Implied Perpetuity Growth Rate	
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Implied EV/EBITDA	
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Implied EV/EBITDA	**35.10 x**

Enterprise Value

	Exit Multiple				
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6.57%	3,013	3,047	3,081	3,116	3,150
7.07%	2,982	**3,016**	**3,050**	**3,083**	3,117
7.57%	2,952	**2,985**	**3,018**	**3,052**	3,085
8.07%	2,922	**2,955**	**2,988**	**3,021**	3,053
8.57%	2,893	2,925	2,958	2,990	3,022

Enterprise Value

	Perpetuity Growth Rate				
WACC	-46.71%	-46.21%	-45.71%	-45.21%	-44.71%
6.57%	3,071	3,081	3,092	3,104	3,115
7.07%	3,034	**3,044**	**3,055**	**3,066**	3,077
7.57%	2,998	**3,008**	**3,018**	**3,029**	3,040
8.07%	2,963	**2,973**	**2,983**	**2,993**	3,003
8.57%	2,928	2,938	2,948	2,958	2,968

Best Case DCF Scenario with Patents valuation

Print: 12/1/2015
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Select a Scenario:
Scenario 2: Bull Case

	Historical Period					Projection Period			
in million USD	2012	2013	2014	2015	LTM	2016E	2017E	2019E	2020E
Net Sales	**18,423**	**11,073**	**6,813**	**3,335**	**2,601**	**2,861**	**3,147**	**3,462**	**3,808**
% growth		*-39.90%*	*-38.47%*	*-51.05%*	*-22.01%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*
EBITDA	**3,020**	**683**	**- 5,516**	**351**	**86**	**92**	**98**	**105**	**113**
% margin	*16.39%*	*6.17%*	*-80.96%*	*10.52%*	*3.31%*	*3.22%*	*3.13%*	*3.04%*	*2.96%*
Depreciation and Amortization	1,523	1,918	1,270	694	659	143	157	173	190
EBIT (Operating Income)	**1,497**	**- 1,235**	**- 6,786**	**- 343**	**- 573**	**- 51**	**- 59**	**- 68**	**- 78**
% margin	*8.13%*	*-11.15%*	*-99.60%*	*-10.28%*	*-22.03%*	*-1.78%*	*-1.87%*	*-1.96%*	*-2.04%*
Taxes	440	- 363				- 15			
EBIAT	**1,057**	**- 872**	**- 6,786**	**- 343**	**- 573**	**- 36**	**- 59**	**- 68**	**- 78**
Depreciation & Amortization	1,523	1,918	1,270	694	659	143	157	173	190
Capital Expenditures	396	671	929	562	567	255	280	308	339
Changes in Net Working Capital	-	- 195	- 651	- 409	- 230	505	- 5	- 5	- 5
Unlevered Free Cash Flow	**2,010**	**1,885**	**- 442**	**726**	**709**	**709**	**709**	**709**	**709**
WACC	**7.57324466%**								
Present Value of Free Cash Flow						**684**	**635**	**591**	**549**

Enterprise Value	
Cumulative Present Value of FCF	2,459
Terminal Value	
Terminal Value EBITDA (2020E)	113
Exit Multiple	18.80 x
Terminal Value	**2,119**
Discount Factor	0.775
Present Value of Terminal Value	**1,641**
% of Enterprise Value	*40.03%*
Enterprise Value	**4,100**

Implied Equity Value and Implied Share Price	
Enterprise Value	4,100
Less: Total Debt	2,285
Less: Preferred Securities	0
Less: Noncontrolling Interest	0
Plus: Cash and Cash Equivalents	1,447
Implied Equity Value	**8,262**
Implied Share Price	**15.76**

Implied Perpetuity Growth Rate	
Terminal Year Free Cash Flow (2018E)	709
WACC	7.57%
Terminal Value	2,119
Implied Perpetuity Growth Rate	**-19.39%**

Implied EV/EBITDA	
Enterprise Value	4,100
LTM EBITDA	86
Implied EV/EBITDA	**47.68 x**

Enterprise Value

	Exit Multiple				
WACC	17.80 x	18.30 x	18.80 x	19.30 x	19.80 x
6.57%	4,109	4,154	4,199	4,244	4,289
7.07%	4,061	**4,105**	**4,149**	**4,194**	4,238
7.57%	4,013	**4,057**	**4,100**	**4,144**	4,188
8.07%	3,966	**4,009**	**4,052**	**4,095**	4,138
8.57%	3,921	3,963	4,005	4,047	4,090

Enterprise Value

	Perpetuity Growth Rate				
WACC	-20.39%	-19.89%	-19.39%	-18.89%	-18.39%
6.57%	4,178	4,221	4,265	4,310	4,358
7.07%	4,099	**4,139**	**4,181**	**4,224**	4,270
7.57%	4,022	**4,060**	**4,100**	**4,142**	4,185
8.07%	3,948	**3,985**	**4,023**	**4,062**	4,103
8.57%	3,877	3,912	3,948	3,986	4,025

Best Case DCF Scenario without Patents valuation

Print: 12/1/2015
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Select a Scenario:
Scenario 2: Bull Case

in million USD	2012	2013	2014	2015	LTM	2016E	2017E	2019E	2020E
	Historical Period					Projection Period			
Net Sales	**18,423**	**11,073**	**6,813**	**3,335**	**2,601**	**2,861**	**3,147**	**3,462**	**3,808**
% growth		*-39.90%*	*-38.47%*	*-51.05%*	*-22.01%*	*10.00%*	*10.00%*	*10.00%*	*10.00%*
EBITDA	**3,020**	**683**	**-5,516**	**351**	**86**	**92**	**98**	**105**	**113**
% margin	*16.39%*	*6.17%*	*-80.96%*	*10.52%*	*3.31%*	*3.22%*	*3.13%*	*3.04%*	*2.96%*
Depreciation and Amortization	1,523	1,918	1,270	694	659	143	157	173	190
EBIT (Operating Income)	**1,497**	**-1,235**	**-6,786**	**-343**	**-573**	**-51**	**-59**	**-68**	**-78**
% margin	*8.13%*	*-11.15%*	*-99.60%*	*-10.28%*	*-22.03%*	*-1.78%*	*-1.87%*	*-1.96%*	*-2.04%*
Taxes	440	-363				-15			
EBIAT	**1,057**	**-872**	**-6,786**	**-343**	**-573**	**-36**	**-59**	**-68**	**-78**
Depreciation & Amortization	1,523	1,918	1,270	694	659	143	157	173	190
Capital Expenditures	396	671	929	562	567	255	280	308	339
Changes in Net Working Capital	-	-195	-651	-409	-230	505	-5	-5	-5
Unlevered Free Cash Flow	**2,010**	**1,885**	**-442**	**726**	**709**	**709**	**709**	**709**	**709**
WACC	**7.57324466%**								
Present Value of Free Cash Flow						684	635	591	549

Enterprise Value	
Cumulative Present Value of FCF	2,459
Terminal Value	
Terminal Value EBITDA (2020E)	113
Exit Multiple	18.80 x
Terminal Value	**2,119**
Discount Factor	0.775
Present Value of Terminal Value	**1,641**
% of Enterprise Value	*40.03%*
Enterprise Value	**4,100**

Implied Equity Value and Implied Share Price	
Enterprise Value	4,100
Less: Total Debt	2,285
Less: Preferred Securities	0
Less: Noncontrolling Interest	0
Plus: Cash and Cash Equivalents	1,447
Implied Equity Value	**3,262**
Implied Share Price	**6.22**

Implied Perpetuity Growth Rate	
Terminal Year Free Cash Flow (2018E)	709
WACC	7.57%
Terminal Value	2,119
Implied Perpetuity Growth Rate	**-19.39%**

Implied EV/EBITDA	
Enterprise Value	4,100
LTM EBITDA	86
Implied EV/EBITDA	**47.68 x**

Enterprise Value

	Exit Multiple				
WACC	17.80 x	18.30 x	18.80 x	19.30 x	19.80 x
6.57%	4,109	4,154	4,199	4,244	4,289
7.07%	4,061	**4,105**	**4,149**	**4,194**	4,238
7.57%	4,013	**4,057**	**4,100**	**4,144**	4,188
8.07%	3,966	**4,009**	**4,052**	**4,095**	4,138
8.57%	3,921	3,963	4,005	4,047	4,090

Enterprise Value

	Perpetuity Growth Rate				
WACC	-20.39%	-19.89%	-19.39%	-18.89%	-18.39%
6.57%	4,178	4,221	4,265	4,310	4,358
7.07%	4,099	**4,139**	**4,181**	**4,224**	4,270
7.57%	4,022	**4,060**	**4,100**	**4,142**	4,185
8.07%	3,948	**3,985**	**4,023**	**4,062**	4,103
8.57%	3,877	3,912	3,948	3,986	4,025

Worst Case DCF Scenario with Patents valuation

Select a Scenario:
Scenario 3: Bear Case

in million USD	Historical Period 2012	2013	2014	2015	LTM	Projection Period 2016E	2017E	2019E	2020E
Net Sales	**18,423**	**11,073**	**6,813**	**3,335**	**2,601**	**2,341**	**2,107**	**1,896**	**1,707**
% growth		*-39.90%*	*-38.47%*	*-51.05%*	*-22.01%*	*-10.00%*	*-10.00%*	*-10.00%*	*-10.00%*
EBITDA	**3,020**	**683**	**-5,516**	**351**	**86**	**77**	**70**	**63**	**56**
% margin	*16.39%*	*6.17%*	*-80.96%*	*10.52%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*
Depreciation and Amortization	1,523	1,918	1,270	694	659	117	105	95	85
EBIT (Operating Income)	**1,497**	**-1,235**	**-6,786**	**-343**	**-573**	**-40**	**-36**	**-32**	**-29**
% margin	*8.13%*	*-11.15%*	*-99.60%*	*-10.28%*	*-22.03%*	*-1.69%*	*-1.69%*	*-1.69%*	*-1.69%*
Taxes	440	-363				-12			
EBIAT	**1,057**	**-872**	**-6,786**	**-343**	**-573**	**-28**	**-36**	**-32**	**-29**
Depreciation & Amortization	1,523	1,918	1,270	694	659	117	105	95	85
Capital Expenditures	396	671	929	562	567	208	187	169	152
Changes in Net Working Capital	-	-195	-651	-409	-230	505	-5	-5	-5
Unlevered Free Cash Flow	**2,010**	**1,885**	**-442**	**726**	**709**	**709**	**709**	**709**	**709**
WACC	**7.57324466%**								
Present Value of Free Cash Flow						**684**	**635**	**591**	**549**

Enterprise Value

Cumulative Present Value of FCF	2,459
Terminal Value	
Terminal Value EBITDA (2020E)	56
Exit Multiple	2.50 x
Terminal Value	**141**
Discount Factor	0.775
Present Value of Terminal Value	**109**
% of Enterprise Value	*4.25%*
Enterprise Value	**2,568**

Implied Equity Value and Implied Share Price

Enterprise Value	2,568
Less: Total Debt	2,285
Less: Preferred Securities	0
Less: Noncontrolling Interest	0
Plus: Cash and Cash Equivalents	1,447
Implied Equity Value	**2,896**
Implied Share Price	**5.53**

Implied Perpetuity Growth Rate

Terminal Year Free Cash Flow (2018E)	709
WACC	7.57%
Terminal Value	141
Implied Perpetuity Growth Rate	**-82.15%**

Implied EV/EBITDA

Enterprise Value	2,568
LTM EBITDA	86
Implied EV/EBITDA	**29.86 x**

Enterprise Value

Exit Multiple

WACC	1.50 x	2.00 x	2.50 x	3.00 x	3.50 x
6.57%	2,571	2,594	2,616	2,639	2,661
7.07%	2,548	**2,570**	**2,592**	**2,614**	2,636
7.57%	2,524	**2,546**	**2,568**	**2,590**	2,612
8.07%	2,502	**2,523**	**2,545**	**2,566**	2,588
8.57%	2,479	2,501	2,522	2,543	2,564

Enterprise Value

Perpetuity Growth Rate

WACC	-83.15%	-82.65%	-82.15%	-81.65%	-81.15%
6.57%	2,610	2,614	2,617	2,621	2,625
7.07%	2,585	**2,589**	**2,593**	**2,596**	2,600
7.57%	2,561	**2,565**	**2,568**	**2,572**	2,576
8.07%	2,537	**2,541**	**2,544**	**2,548**	2,551
8.57%	2,514	2,517	2,521	2,524	2,528

Worst Case DCF Scenario without Patents valuation

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Select a Scenario:
Scenario 3: Bear Case

in million USD	Historical Period 2012	2013	2014	2015	LTM	Projection Period 2016E	2017E	2019E	2020E
Net Sales	**18,423**	**11,073**	**6,813**	**3,335**	**2,601**	**2,341**	**2,107**	**1,896**	**1,707**
% growth		*-39.90%*	*-38.47%*	*-51.05%*	*-22.01%*	*-10.00%*	*-10.00%*	*-10.00%*	*-10.00%*
EBITDA	**3,020**	**683**	**-5,516**	**351**	**86**	**77**	**70**	**63**	**56**
% margin	*16.39%*	*6.17%*	*-80.96%*	*10.52%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*	*3.31%*
Depreciation and Amortization	1,523	1,918	1,270	694	659	117	105	95	85
EBIT (Operating Income)	**1,497**	**-1,235**	**-6,786**	**-343**	**-573**	**-40**	**-36**	**-32**	**-29**
% margin	*8.13%*	*-11.15%*	*-99.60%*	*-10.28%*	*-22.03%*	*-1.69%*	*-1.69%*	*-1.69%*	*-1.69%*
Taxes	440	-363				-12			
EBIAT	**1,057**	**-872**	**-6,786**	**-343**	**-573**	**-28**	**-36**	**-32**	**-29**
Depreciation & Amortization	1,523	1,918	1,270	694	659	117	105	95	85
Capital Expenditures	396	671	929	562	567	208	187	169	152
Changes in Net Working Capital	-	-195	-651	-409	-230	505	-5	-5	-5
Unlevered Free Cash Flow	**2,010**	**1,885**	**-442**	**726**	**709**	**709**	**709**	**709**	**709**
WACC	**7.57324466%**								
Present Value of Free Cash Flow						**684**	**635**	**591**	**549**

Enterprise Value	
Cumulative Present Value of FCF	2,459
Terminal Value	
Terminal Value EBITDA (2020E)	56
Exit Multiple	2.50 x
Terminal Value	**141**
Discount Factor	0.775
Present Value of Terminal Value	**109**
% of Enterprise Value	*4.25%*
Enterprise Value	**2,568**

Implied Equity Value and Implied Share Price	
Enterprise Value	2,568
Less: Total Debt	2,285
Less: Preferred Securities	0
Less: Noncontrolling Interest	0
Plus: Cash and Cash Equivalents	1,447
Implied Equity Value	**1,730**
Implied Share Price	**3.30**

Implied Perpetuity Growth Rate	
Terminal Year Free Cash Flow (2018E)	709
WACC	7.57%
Terminal Value	141
Implied Perpetuity Growth Rate	**-82.15%**

Implied EV/EBITDA	
Enterprise Value	2,568
LTM EBITDA	86
Implied EV/EBITDA	**29.86 x**

Enterprise Value

	Exit Multiple				
WACC	1.50 x	2.00 x	2.50 x	3.00 x	3.50 x
6.57%	2,571	2,594	2,616	2,639	2,661
7.07%	2,548	**2,570**	**2,592**	**2,614**	2,636
7.57%	2,524	**2,546**	2,568	**2,590**	2,612
8.07%	2,502	**2,523**	**2,545**	**2,566**	2,588
8.57%	2,479	2,501	2,522	2,543	2,564

Enterprise Value

	Perpetuity Growth Rate				
WACC	-83.15%	-82.65%	-82.15%	-81.65%	-81.15%
6.57%	2,610	2,614	2,617	2,621	2,625
7.07%	2,585	**2,589**	**2,593**	**2,596**	2,600
7.57%	2,561	**2,565**	2,568	**2,572**	2,576
8.07%	2,537	**2,541**	**2,544**	**2,548**	2,551
8.57%	2,514	2,517	2,521	2,524	2,528

BlackBerry Limited

In Millions of USD

Balance Sheet					
Balance Sheet as of:	**2012**	**2013**	**2014**	**2015**	**LTM**
Assets					
Current Assets					
Cash and cash equivalents	1,527	1,549	1,579	1,233	1447
Short-term investments	247	1,105	950	1,658	1573
accounts receivable	3,062	2,353	972	503	330
Other receivables	496	272	152	97	66
Inventories	1,027	603	244	122	142
Income Tax Receivable	135	597	373	169	16
Other current assets	365	469	505	375	179
deferrex tax assets	197	139	73	10	5
Assets held for sale	15	14			
Total current assets	**7,071**	**7,101**	**4,848**	**4,167**	**3,758**
Property, Plant, Equipment					
Intangible assets	3,286	3,448	1,439	1,375	1166
Property, Plant, Equipment	2,733	2,395	1,136	556	468
Net Property, Plant, Equipment	**6,019**	**5,843**	**2,575**	**1,931**	**1,634**
Investments and Other Assets					
Long-term investments	337	221	129	316	277
restricted cash				59	56
Goodwill	304			76	97
Total Investments and Other Assets	**641**	**221**	**129**	**451**	**430**
Total Assets	**13,731**	**13,165**	**7,552**	**6,549**	**5,822**

Liabilities					
Current Liabilities					
Accounts Payable	744	1,064	474	235	195
accrued liabilities	2,382	1,842	1,214	658	389
deferred revenue	263	542	580	470	366
Total Current Liabilities	**3,389**	**3,448**	**2,268**	**1,363**	**950**
Long-term Liabilities					
Long-term Liabilities			1,627	1,707	1322
Deferred tax liabilities	232	245	32	48	13

Income tax payable	10	12			
Total Long-term Liabilities	**242**	**257**	**1,659**	**1,755**	**1,335**
Total Liabilities	**3,631**	**3,705**	**3,927**	**3,118**	**2,285**

Equity					
Capital-Stock and additional paid-in capital	2,446	2,431	2,418	2,444	2446
Retained earnings	7,913	7,267	1,394	1,010	1109
Treasury Stock	- 299	- 234	- 179		
Accumulated other comprehensive income	40	- 4	- 8	- 23	-18
Net unrealized gain (loss) on available-for-sale securities					
Deferred gain (loss) on derivative instruments	-	-			
Foreign currency translation adjustments	-	-			
Postretirement liability adjustments for foreign consc	-	-			
Total	**10,100**	**9,460**	**3,625**	**3,431**	**3,537**
Minority interests					
Total Equity	**10,100**	**9,460**	**3,625**	**3,431**	**3,537**
Total Liabilities and Equity	**13,731**	**13,165**	**7,552**	**6,549**	**5,822**

BlackBerry Limited

In Millions of USD

Income Statement

For the Fiscal Period Ending		2012		2013		2014		2015		LTM
Net sales		18,423		11,073		6,813		3,335		2,601.00
Cost of Sales		11,848		7,639		6,856		1,731		1,378.00
Gross Profit		**6,575**		**3,434**	**-**	**43**		**1,604**		**1,223**
in % of net sales		*35.69%*		*31.01%*		*-0.63%*		*48.10%*		*47.02%*
EBITDA		**3,020**		**683**	**-**	**5,516**		**351**		**86**
in % of net sales		*16.39%*		*6.17%*		*-80.96%*		*10.52%*		
Research and Development	-	1,556	-	1,509	-	1,286	-	711	-	549.00
Sellling, marketing and administration	-	2,600	-	2,111	-	2,103	-	938	-	708.00
Amortization	-	567	-	714	-	606	-	298	-	274.00
Impairment of long-lived assets	-	355	-	335	-	2,748			-	265.00
Research and Development										
										-
										-
EBIT (Operating Income)		**1,497**	**-**	**1,235**	**-**	**6,786**	**-**	**343**	**-**	**573**
in % of net sales		*8.13%*		*-11.15%*		*-99.60%*		*-10.28%*		*-22.03%*
Investment income (net)		21		15	-	21		38		56.00
EBT		**1,518**	**-**	**1,220**	**-**	**6,807**	**-**	**305**	**-**	**517**
Provision for income taxes	-	347		592		1,311		81		96.00
Loss from discounted operations	-	7	-	18						
Income before minority interests		**1,164**	**-**	**646**	**-**	**5,496**	**-**	**224**	**-**	**421**
Net income attributable to non-controlling interest										
Net Income		**1,164**	**-**	**646**	**-**	**5,496**	**-**	**224**	**-**	**421**
in % of net sales		*6.32%*		*-5.83%*		*-80.67%*		*-6.72%*		*-16.19%*

BlackBerry Limited

In Millions of USD

Cash Flow

For the Fiscal Period Ending	2012	2013	2014	2015	LTM
Cash Flow from Operating Activities					
Income before income tax and minority interests	1,164	- 646	- 5,873	- 304	- 1
Depreciation and Amortization	1,523	1,918	1,270	694	659
Deffered income taxes	- 5	87	- 149	62	- 2
Stock-based compensation	97	86	68	50	56
Impairment of long-lived assets			2,748	-	
Impairment of goodwill	355	335		-	
Loss on disposal of PPE		28	107	135	57
Debentures fair value adjustment			377	80	- 185
other	9	8	34	37	44
	3,143	**1,816**	**- 1,418**	**754**	**628**
Net changes in working capital items	**- 231**				
accounts receivable, net		709	1,381	469	330
other receivables		218	124	55	96
inventories		426	359	123	- 28
income taxes receivables. Net		- 463	224	204	108
other current assets		- 177	- 26	116	120
accounts payable		296	- 590	- 240	- 23
accrued liabilities		- 801	- 251	- 550	- 504
deferred revenue		279	38	- 118	- 84
Net Cash provided by Operating Activities	**2,912**	**2,303**	**- 159**	**813**	**769**
Cash Flow from Investing Activities					
Acquisition of long-term investments	- 355	- 296	- 229	- 802	- 715
Proceeds on sale or maturity of long-term investments	376	227	284	515	567
Acquisition of PPE	- 902	- 418	- 283	- 87	- 60
Proceeds on sale of PPE		5	49	348	348
Acquisition of intangible asets	- 2,217	- 1,005	- 1,080	- 421	- 769
Business acquisitions. Net of cash acquired	- 226	- 60	- 7	- 119	116
acquisition of short-term investments	- 250	- 1,472	- 1,699	- 2,949	- 2,993
Proceeds on sale or maturity of short-term investments	550	779	1,925	2,342	2,181
Effect of foreign-exchange on investing activities					
Net Cash used in investing activives	**- 3,024**	**- 2,240**	**- 1,040**	**- 1,173**	**- 384**
Issuance of common shares	9		3	6	3

Cash Flow from Financing Activities					
Excess tax benefit related to stock-based compensation	- 2	- 11	- 13	8	8
Purchase of treasury stock	- 156	- 25	- 16	61	61
Common shares repurchased					- 47
Change in marketable securities					71
Issuance of debt			1,250	-	
Transfer from(to) restricted cash				- 59	- 59
Net Cash provided by/used in financing activities	**- 149**	**- 36**	**1,224**	**16**	**- 107**
Effect of exchange rate changes on cash and cash equivalents	-3			-2	- 2
Net increase (drecrease) in Cash and Cash Equivalents					
Cash and Cash Equivalents at beginning of year	1791	1527	1554	1579	
Cash and Cash Equivalents at end of year	1,527	1,554	1,579	1,233	