Report: AT&T Considering Overseas Acquisition

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AT&T may be looking to acquire an overseas carrier, according to a report **[1]** from the Wall Street Journal today. The Journal cites "people familiar with the carrier's thinking" who said that AT&T is currently looking at a number of targets and a deal could come before the end of the year.

While risky, an acquisition of an overseas carrier would give AT&T room to grow, as fears emerge that the United States has become saturated.

Despite the strong iPhone sales in the third quarter, there was a AT&T saw a significant slowdown in the number of new customers signing up for AT&T service.

The operator posted net adds of just 678,000, a fraction of last year's 2.12 million net adds. The bulk of its growth came from connected devices, and it added just 151,000 new postpaid customers.

It's been almost two years since AT&T announced its failed proposal to acquire T-Mobile USA for $39 billion.

The Journal postulates that persistent economic woes in Europe have weakened many of the carriers in the region to the point where AT&T might be able to come up with a bargain.

While no carrier in particular was named as a target, the report does mention that AT&T has considered an overseas acquisition for years, including a possible buyout of Telecom Italia within the past five years.

Profits in the third quarter of 2012 took a hit from the costly subsidies associated with the iPhone. Net income fell nearly 6 percent year-over-year to $4.3 billion despite an increase in sales, which hit $16.6 billion. Including AT&T's other divisions, company-wide profits remained flat at $3.6 billion on sales of $31.5 billion.

Industry analyst Jeff Kagan says overseas acquisitions happen all the time, and he wouldn't be surprised to see AT&T looking across the Atlantic. He says Japanese carrier Softbank's recent bid for Sprint Nextel is one such example, among others. "In fact if Softbank is successful with their Sprint Nextel deal, then AT&T would be the only all-American wireless carrier of the top four. That's right, Verizon, Sprint and T-Mobile are all or partly owned by foreign companies," Kagan said, adding that AT&T has a chance to drive network improvements and data growth the way it has here in the United States.

"Overseas they are still focused on voice and text. That means there is a big opportunity for companies to usher in that transformation over there," Kagan said.

AT&T is scheduled to announce its fourth quarter earnings on January 24.

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