Sprint, T-Mobile Stocks Jump on Nikkei Merger Report

Ben Munson

Both Sprint and T-Mobile are surging in the markets after Nikkei reported [1] SoftBank has reached an agreement to buy a controlling T-Mobile stake from Deutsche Telekom (DT).

Sprint was up nearly four percent and T-Mobile was up 1.5 percent as of 1:15 p.m. CT.

The new report from Nikkei echoes many of the details Reuters shared last month [2]. Sprint has reportedly lined up eight banks to finance the deal, including a $40 billion debt package. Sprint will reportedly purchase just more than 50 percent from DT—which owns 67 percent of T-Mobile—for $40 per share or $16 billion.

Reuters reported an announcement confirming the deal could come in August.

The companies will still have to convince skeptical U.S. regulators on the merits of the merger, a process the Nikkei report suggests could take a year or two. DT is reportedly concerned capital could dry up during the regulatory review process and wants SoftBank's commitment to compensate for any losses.

As Sprint gets a boost from the merger report, another gloomy financial quarter could be on the horizon. After Verizon CEO Lowell McAdam yesterday said his carrier is expecting 1.4 million subscriber additions in the second quarter [3], analysts are estimating a good chunk of those gains came at Sprint's expense. UBS's John Hodulik figures Sprint will lose 350,000 subscribers next quarter on a combination of handset losses and higher churn with stronger tablet sales offsetting the losses, according to Barron's [4]. He said the T-Mobile would likely once again lead all carriers with about 800,000 net subscriber additions.

Source URL (retrieved on *04/25/2015 - 10:54pm*):
http://www.wirelessweek.com/news/2014/07/sprint-t-mobile-stocks-jump-nikkei-merger-report

Links:
[1] http://asia.nikkei.com/Business/Deals/SoftBank-nearing-deal-for-Sprint-T-Mobile-merger
[2] https://finance.yahoo.com/news/exclusive-sprint-closer-40-billion-214404657.html
[3] http://www.wirelessweek.com/news/2014/07/mcadam-verizon-postpaid-additions-hit-14m-2q

[4] http://blogs.barrons.com/techtraderdaily/2014/07/11/verizon-net-sub-upside-driven-by-tablet-computers-says-ubs/