

Sprint gains contract subscribers in 4Q

February 10 2011, By PETER SVENSSON , AP Technology Writer



In this photo taken Tuesday, Feb. 8, 2011, in Woodmere Village, Ohio, shows a Sprint BlackBerry phone displayed at a Sprint store. Sprint said Thursday, Feb. 10, it had a net gain of subscribers under contract in its latest quarter for the first time since 2007, as its turnaround continues. (AP Photo/Tony Dejak)

(AP) -- Sprint Nextel Corp. said Thursday it managed to post a quarterly net gain of contract subscribers for the first time since 2007, as its turnaround continues.

The [cell phone company](#) added a net 58,000 contract [subscribers](#) in the fourth quarter. That was much less than AT&T or Verizon Wireless added, but a big improvement for Sprint, the third-largest wireless carrier in the U.S. Contract subscribers are the most lucrative.

Overall, Sprint added 1.1 million subscribers, its best result since 2006. The figure actually beat Verizon Wireless, the largest wireless carrier.

However, Verizon is starting to sell Apple Inc.'s iPhone on Thursday, adding to competitive pressure on all other carriers.

Despite subscriber gains, Sprint said it lost \$929 million, or 31 cents per share, in the three months ended Dec. 31. That was an improvement over a loss of \$980 million, or 34 cents per share, a year ago.

Analysts polled by FactSet were expecting a slightly smaller loss of 30 cents per share.

Revenue rose 6 percent to \$8.3 billion from \$7.87 billion a year ago. That beat the \$8.16 billion analysts expected.

Sprint shares rose 14 cents, or 3.2 percent, to \$4.49 in morning trading.

So-called prepaid plans, which don't require a contract, attracted a net 646,000 subscribers in the quarter. Sprint markets these plans under brands like Boost Mobile and Virgin Mobile.

Sprint also added 393,000 subscribers through wholesalers and affiliates.

The big millstone around Sprint's neck is the Nextel network, which it acquired in 2005. It's been losing subscribers nearly every quarter since then, and losses accelerated to 1.2 million in the latest quarter. The overall net subscriber gain is all due to additions on the Sprint network.

The subscriber gains come after big improvements in customer service, something CEO Dan Hesse has made central to his turnaround efforts.

"I'm not declaring 'Mission Accomplished' yet, far from it. We are not even close to reaching what I think Sprint is capable of, but ... our progress has been significant and we're on the right track," Hesse told analysts Thursday.

He compared Sprint's performance to that of the Indianapolis Colts in 1999, in which they made a record turnaround compared to the previous year but lost in the first game of the playoffs.

"Their enormous progress signaled better things to come," Hesse said.

Hesse said the company was taking action to respond to the threat of the Verizon iPhone, but didn't give many specifics.

"I'm not saying there won't be any impact, but we're doing what we can to make sure that our customers stay with us," the CEO said.

In December, Sprint announced that it would start shutting down the Nextel network in 2013, and be done by 2015. Nextel subscribers will need new phones before then.

Sprint said it expects to post an overall gain in contract subscribers for 2011, and to improve subscriber figures in general over last year. It expects revenue be flat with last year, or improve somewhat.

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