Sprint adds 1.1M subscribers, halves 1Q loss

April 28 2011, By PETER SVENSSON , AP Technology Writer

A Sprint sign is displayed at a store in Richmond, Va., Wednesday, April 27, 2011. Sprint Nextel said Thursday, April 28, it added more wireless subscribers in the first quarter than it has in five years, mainly on cheap service plans while it lost customers to Verizon's iPhone. (AP Photo/Steve Helber)

(AP) -- Sprint Nextel Corp. on Thursday said it added more wireless subscribers in the first quarter than it has in five years, mainly on cheap service plans, as its turnaround continued despite the new threat of Verizon's iPhone.

Sprint added a net 1.1 million subscribers in the January to March period as its contract-free Virgin Mobile and Boost brands raked in a record number of new subscribers.

Verizon's launch of the iPhone on Feb. 10 and AT&T Inc.'s price cut on an older iPhone model didn't leave Sprint completely unscathed. Sprint posted a net loss of 114,000 subscribers on contract-based plans, which are the most lucrative. People weighing between smartphones on Sprint and Verizon seem to have been tipped toward Verizon by the new iPhone.

But people who were already Sprint subscribers showed no inclination to abandon their contracts and move to Verizon. Sprint reported stronger loyalty among its contract subscribers than it's ever seen.

The effect of the Verizon iPhone launch on AT&T's quarterly results was similar.

Sprint has reported losses in every quarter for almost four years. The period ended March 31 was no different, with a net loss of $439 million, or 15 cents per share. But that was down from a net loss of $865 million, or 29 cents per share, a year ago, and Sprint posted an operating profit for the first time since 2007.

Revenue rose 3 percent to $8.3 billion from $8.1 billion a year ago.

Analysts had expected a larger loss of 22 cents a share, and lower revenue of $8.2 billion.

Sprint shares rose 16 cents, or 3.3 percent, to 4.95 in morning trading.

The company has been holding the line on costs while subscriber trends have improved thanks to better customer service, a signature project of CEO Dan Hesse. In January, Sprint effectively raised prices by adding a $10 per month fee for new smartphones.

"Our strengthening brand helped us mitigate what otherwise would have been difficult to navigate: increasing our price in the face of a new iconic competitive device and widespread industry price pressure," Hesse said on a conference call.

Hesse has said that Sprint, and the health of the wireless industry as a whole, is threatened by AT&T's $39 billion deal to buy T-Mobile USA, the fourth-largest carrier. It would leave Sprint even further behind the top two carriers, AT&T and Verizon.

Speaking to analysts and investors on a conference call, he said many of them probably welcomed the combination because it would lead to higher, more stable prices and thus better profits in the industry. But they should pay attention to what diminished competition would do, he said.

Sprint's push to develop a fourth-generation wireless data network (now part of its Clearwire Corp. subsididary) pushed Verizon to develop its own 4G network, which in turn prompted AT&T to speed up its plans, Hesse said. The U.S. now has the largest 4G network in the world.

"The U.S. has regained wireless technology and innovation supremacy," Hesse said. "If Sprint had not been a legitimate ... competitive threat, the U.S. would still be a wireless also-ran."