

Softbank reports robust earnings on smartphones

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Shoppers check the iPad 2 at a Softbank sales counter at a store in Tokyo, Monday, May 9, 2011. Softbank Corp., the only Japanese mobile carrier offering the hit iPhone, said annual profit nearly doubled despite suffering damage from the March 11 quake and tsunami that battered northeastern Japan. (AP Photo/Shizuo Kambayashi)

(AP) -- Softbank Corp., the only Japanese mobile carrier offering the hit iPhone, said annual profit nearly doubled despite suffering damage from the March 11 quake and tsunami that battered northeastern Japan.

Softbank, which did not break down quarterly numbers, reported Monday that profit for the fiscal year ended March 31 swelled to 189.71 billion yen (\$2.37 billion) from 96.72 billion yen the previous year.

It said the increase was driven by a booming smart [phone business](#) that offset a special loss of 14 billion yen (\$175 million) caused by the disasters.

Those losses were from fixing [telecommunications networks](#) and equipment destroyed by the magnitude-9.0 quake and ensuing tsunami, as well as offering free services to those in the disaster zone whose mobile phones were out of operation for any period, according to [Softbank](#).

The Tokyo-based Internet and communications conglomerate said sales for the fiscal year climbed nearly 9 percent to a company record 3 trillion yen (\$37.5 billion) from 2.76 trillion yen.

Separately, Softbank said it had invested \$62.5 million in Gilt Groupe Inc., which operates an online shopping service, offering fashion clothing. Softbank has also agreed to acquire 50 percent of the Japan subsidiary of Gilt Groupe, to accelerate its expansion in Japan, it said.

Softbank, long the underdog in Japan's telecom industry, has seen its fortunes improve in recent years with the popularity of the iPhone and [iPad](#) from Apple Inc.

Its founder and president Masayoshi Son, often praised as the [Bill Gates](#) of Japan for having pushed Internet businesses, has been outspoken in criticizing the government's recent handling of the nuclear reactor crisis that was spawned by the tsunami.

Son, who owns 21 percent of Softbank Corp., has donated 10 billion yen (\$125 million) toward the disaster effort, in addition to the 1 billion yen (\$12.5 million) donated by Softbank Group.

"We want to be the kind of company that is liked by society," he told a

news conference.

Son said sales results show Softbank is growing in the mobile business at a time when its two major rivals in Japan, NTT DoCoMo and KDDI Corp. were struggling to grow. Softbank mobile users had grown from 15 million in 2005 to 25.4 million today, said Son.

"Our numbers were all good," he said of the earnings results.

Son said Softbank has gotten over the damage to its bottom line from massive broadband investments it made six or seven years ago.

But he promised to make key investments in response to complaints that Softbank cell phones had poor connections, instead of chasing immediate profit growth.

He said the company will invest 500 billion yen (\$6.25 billion) this year in equipment, and another 500 billion yen (\$6.25 billion) in 2012. Softbank invested 420 billion yen (\$5.25) last year, he said.

Softbank did not disclose sales numbers for the iPhone or iPad in Japan. But long lines have formed outside stores whenever new models have arrived. Son said the new white [iPhone](#) 4, as well as the iPad 2, which both went on sale in Japan on April 28, were proving popular.

The company did not give a forecast for this year.

About 19 percent of Softbank's telecommunications equipment nationwide was damaged by the March 11 quake and tsunami, but nearly all of it has been fixed, including using substitute satellite connections, Son said.

In the long term, Son said he was banking on growth in Asia, and

positioning Softbank group companies to become No. 1 in the region in the Internet business, with strategic investments, such as Renren Inc., which runs an online social network in China.

Softbank shares edged down 0.8 percent to 3,230 yen (\$40) in Tokyo, shortly before the earnings were announced.

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