

AT&T stays strong against threat of Verizon iPhone

July 21 2011, By PETER SVENSSON , AP Technology Writer



An advertisement for U-verse is displayed at a AT&T store in Santa Monica, Calif., Wednesday, July 20, 2011. AT&T saw a rebound in the number of new contract subscribers in the second quarter, showing resilience in the face of competition from Verizon's iPhone. (AP Photo/Reed Saxon)

(AP) -- AT&T Inc. saw a rebound in the number of new contract subscribers in the second quarter, showing resilience in the face of competition from Verizon's iPhone.

The country's largest telecommunications company said Thursday that it added a net 331,000 new subscribers on contract-based plans, up from a

record low of 62,000 in the first quarter.

Verizon Wireless started selling its version of the iPhone on Feb. 10, ending three and half years of exclusivity for AT&T.

For AT&T, retaining iPhone subscribers is crucial, because they pay far more every month than those on other phones.

There's little sign that the Verizon iPhone is prompting AT&T subscribers to jump ship: AT&T said the number of iPhone subscribers leaving AT&T actually declined from the first quarter.

However, AT&T is clearly losing some new customers to Verizon. The 331,000 new subscribers is an improvement from the first quarter, but low compared to last year's average of 538,000 subscribers per quarter. Analysts were expecting around 100,000 new subscribers.

AT&T said it activated 3.6 million iPhones in the quarter, the same as the first quarter. But that, too, is a sign that it's facing competition: in the past two years, AT&T has activated more iPhones in the second quarter than in the first, which is the slowest of the year.

"AT&T appears to be adapting to the loss of [iPhone](#) exclusivity relatively well," said Sanford Bernstein analyst Craig Moffett.

Verizon Communications Inc., which own 55 percent of Verizon Wireless and controls its operations, reports its quarterly results Friday morning. (Vodafone Group PLC of Britain owns the remainder.)

Dallas-based AT&T ended the quarter with 98.6 million devices on its wireless network, making it the second-largest cellular carrier, after Verizon Wireless.

AT&T is trying to become No. 1 by buying No. 4 carrier T-Mobile USA, but that bid is facing scrutiny in Washington.

On Wednesday, Sen. Herb Kohl, D-Wis., and a key member of the Senate Judiciary Committee, called on regulators to block the \$39 billion deal because it would lead to less competition and thus higher prices. AT&T says the deal would benefit consumers and still hopes to close it in the first quarter of next year.

"We remain comfortable with the process so far and the pace at which we're moving," AT&T General Counsel Wayne Watts told analysts on a conference call.

AT&T's second-quarter net income was \$3.59 billion, or 60 cents per share, for the April to June period. That's down 10.4 percent from last year's \$4.0 billion, or 67 cents per share, which was boosted by the sale of stock in an overseas firm.

The latest earnings matched the average forecast of analysts polled by FactSet.

Revenue was \$31.5 billion, up 2.2 percent from a year ago and slightly above analyst expectations at \$31.3 billion.

AT&T shares edged up 21 cents to \$30.44 in midday trading.

Wireless makes up a little more than half of AT&T's revenue. The rest comes from its traditional, wired phone company side. There, results were largely stable, but AT&T reported a loss of broadband [subscribers](#), something it's only done once before. In most of its local-phone territory, AT&T is unable to offer broadband speeds that match those of cable companies. It has upgraded some areas for faster speeds.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: AT&T stays strong against threat of Verizon iPhone (2011, July 21) retrieved 6 July 2024 from <https://phys.org/news/2011-07-att-strong-threat-verizon-iphone.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.