

Apple shares rise on China Mobile deal (Update)

December 23 2013

Apple shares rose Monday after the company sealed a hard-won deal with China Mobile which will see the world's biggest wireless operator make the iPhone widely available to customers.

Apple shares ended 3.8 percent higher at \$570.09 per share, hitting as high as \$570.72 early in the session.

On Sunday, the US technology giant and China Mobile unveiled a deal to bring the iPhone to customers on a network with an estimated 760 million subscribers and until now dominated by low-cost Android smartphones.

The US company's iPhone 5s and iPhone 5c phones will be available at China Mobile and Apple retail stores across mainland China starting January 17, they said in a joint statement.

Pricing details were not announced.

Negotiations between Apple and China Mobile took years, with one key hurdle reportedly being the US firm's demand for sales volume guarantees.

"In our view, this has been the most difficult carrier agreement for Apple to negotiate in its history," said a note from Cantor Fitzgerald.

"However, we believe the opportunity for the iPhone to expand its reach

within China Mobile's wireless subscriber base will prove to be well worth the wait."

Cantor Fitzgerald estimated that there are already 35 to 40 million iPhone users on China Mobile, but they use the provider's slower networks.

Sunday's deal opens up the faster network for iPhones and positions the US company to sell phones on the even-faster 4G network as its reach expands.

Cantor Fitzgerald estimated the deal could result in 20 to 24 million iPhone sales to China Mobile in 2014. Such a performance would have an earnings benefit of \$4 per share.

Barclays predicted the China Mobile deal would have no impact on the upcoming quarter, but should benefit sales in the March and June quarters.

Barclays sees a "gradual" buildup in the China Mobile's faster 4G network and that Apple iPhone sales "may build over multiple quarters."

Barclays estimated the total Apple addressable market within China Mobile at 80 million units.

© 2013 AFP

Citation: Apple shares rise on China Mobile deal (Update) (2013, December 23) retrieved 20 March 2024 from <https://phys.org/news/2013-12-apple-china-mobile.html>

<p>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.</p>
--