

Softbank quarterly profit up despite Sprint woes

November 4 2014, by Yuri Kageyama



Softbank founder and chief executive Masayoshi Son speaks in front of an illustration of a goose during a news conference in Tokyo Tuesday, Nov. 4, 2014. Softbank's quarterly profit nearly tripled as gains from the IPO of Chinese e-commerce company Alibaba offset losses at U.S. mobile carrier Sprint. Son said Alibaba is reporting solid growth in profits, rising from its humble beginnings when he invested in it about 14 years ago to become one of the biggest companies in the world by market capitalization. He compared his investment approach to valuing, instead of killing, the goose that lays golden eggs, but warned that patience was needed. The letters read: "Softbank = the goose." (AP Photo/Eugene Hoshiko)

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The Japanese telecommunications and Internet-services company reported Tuesday a fiscal second quarter profit of 483.1 billion yen (\$4.3 billion), up from 165.8 billion yen a year earlier. Quarterly sales surged 23 percent to 2.11 trillion yen (\$18.7 billion).

Softbank, the first to sell the iPhone in Japan, has widespread global investments including Chinese e-commerce company Alibaba, which listed in New York earlier this year after a record-busting stock sale. Softbank said it gained 599 billion yen (\$5 billion) from the listing.

One sore spot is Sprint, which Softbank bought a majority stake in earlier this year. It said costs from layoffs at Sprint will total 17 billion yen (\$150 million). Sprint is eliminating 2,000 jobs, or about 5 percent of its staff, to cut \$1.5 billion in annual spending.

Overland Park, Kansas-based Sprint, which announced a separate round of job cuts in early October, reported a \$765 million loss for the quarter. But Softbank is eyeing Sprint as a long-term investment.

"We are heading toward a turnaround," said Softbank founder and chief executive Masayoshi Son. Sprint's new chief executive, Marcelo Claure, tapped from cellphone distributor and Softbank unit Brightstar, was making progress, he said.



SoftBank founder and Chief Executive Officer Masayoshi Son speaks during a news conference in Tokyo, Tuesday, Nov. 4, 2014. The Japanese telecommunications and Internet-services company reported Tuesday a fiscal second quarter profit of 483.1 billion yen (\$4.3 billion), up from 165.8 billion yen a year earlier. Quarterly sales surged 23 percent to 2.11 trillion yen (\$18.7 billion). (AP Photo/Eugene Hoshiko)

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"I've long said that whoever rules China will rule the world," he said. China has overtaken Japan as the world's second biggest economy and will in the future grow bigger than the American economy, Son said.



Softbank founder and chief executive Masayoshi Son speaks in front of a logo of U.S. telecom company Sprint during a news conference in Tokyo Tuesday, Nov. 4, 2014. Softbank's quarterly profit nearly tripled as gains from the IPO of Chinese e-commerce company Alibaba offset losses at U.S. mobile carrier Sprint. (AP Photo/Eugene Hoshiko)

But he said the place to watch next is India, where the population is young, English-speaking and boasts excellent software engineers, praising Snapdeal as India's equivalent of Alibaba.

The Tokyo-based company, which also owns the Softbank Hawks baseball team, recently invested in two Indian technology companies, Snapdeal, the nation's largest digital marketplace, and Ola Cabs, which runs the technology to connect consumers with cab drivers in India.

Another company in which Softbank is a stakeholder, Yahoo Japan, has

switched its electronic commerce style to more like Alibaba's, a move that has proved a success, he said.

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