

Intensified talks on Twitter sale lift shares (Update)

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In this July 27, 2016 file photo, the Twitter symbol appears above a trading post on the floor of the New York Stock Exchange. Twitter's stock is soaring following a report that it may be moving closer to selling the business, Friday, Sept. 23. Twitter's CEO Jack Dorsey has struggled to come up with a strategy to attract people to the messaging service, while Facebook and Snapchat race ahead in the battle for people's attention and allegiance.(AP Photo/Richard Drew)

Chatter about a sale of Twitter is intensifying amid sputtering efforts to

transform the one-to-many messaging platform into a profitable business.

Twitter shares soared 21.45 percent Friday to close at \$22.62 on unconfirmed media reports of a potential sale, with Alphabet-owned Google and Salesforce named as possible suitors.

The share price gave the San Francisco-based company a market value of \$16.13 billion, still well below the \$26 level when Twitter made its stock market debut in November 2013.

The market action came after a report by CNBC television that Twitter's board was favoring a sale.

The Wall Street Journal meanwhile reported that cloud computing group Salesforce was considering a deal, and the news site TechCrunch said Microsoft and Verizon may also be interested.

The technology news site Recode said Twitter was seeking up to \$30 billion, which could limit the number of bidders.

Twitter did not respond to an AFP request for comment.

But reports have been circulating for weeks that the popular messaging platform was opening its doors to potential buyers.

"Twitter was positioning for sale for some time," technology industry analyst Rob Enderle of Enderle Group told AFP.

"The problem is, since they are not profitable, finding someone to actually pay money for them."

Google and Salesforce were considered prime suitors for Twitter.

Microsoft and Verizon were also on the list of potential buyers.

"Both Google and Salesforce could justify the purchase," analyst Enderle said.

US telecommunications firm Verizon has been on a mission to be more than "a dumb pipe," buying AOL last year in a deal valued at \$4.4 billion and now buying Yahoo for \$4.8 billion.

Google could benefit from Twitter's strength in online social networking, but would likely face regulatory challenges in an array of countries.

Salesforce was seen as a leading contender for Twitter.

"I simply love Twitter," Salesforce chief digital evangelist Vala Afshar tweeted on Friday.

Dot-com deja vu

Meanwhile RBC Capital Markets on Friday lowered its price target for Twitter shares to \$14, saying that a survey indicated advertisers could be questioning the value of using the platform.

Analysts have long maintained that Twitter needs to find new ways to boost its appeal beyond a core of celebrities, politicians and journalists, with its user base stagnant for the past year.

In its last quarterly update, Twitter said the number of monthly active users edged up to 313 million, up three percent from a year ago and only slightly more than the 310 million in the prior quarter.

Twitter has yet to post a profit, even as it has ramped up its efforts in advertising.

"It was never designed for profit," analyst Enderle said.

"This is kind of the quintessential dot-com scenario; Twitter went well down the path before thinking about how to make money, and therein lies the problem."

In early September, reports swirled that Twitter's board was weighing ways to cut costs, ramp up revenue or maximize shareholder value by selling itself.

Speculation that Twitter might be seeking a suitor escalated in August, after co-founder Ev Williams said during a Bloomberg TV interview that the company "had to consider the right options" when it came to whether it should remain an independent company.

Twitter this week eased a 140-character limit on tweets, which was put in place due to mobile phone text messaging constraints when Twitter launched in 2006.

Twitter also been striving to drive growth by streaming live video on its platform.

Twitter drew more than two million people to its first broadcast of an NFL football game last week, part of a range of new sports content available through the network.

Analysts remain cautious about Twitter's ability to break out of its rut and accelerate growth. It is far behind Facebook, which has an audience of over 1.7 billion, and Facebook-owned Instagram, with some 500 million.

Last month, eMarketer said Twitter's share of US social network users will decline to 28.1 percent this year and will continue to drop through

2020, as it loses users to Snapchat, Instagram, and messaging apps.

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