

Sprint may be rekindling merger plans, unconfirmed report says

March 13 2018, by Mark Davis, The Kansas City Star

Sprint may be weighing merger moves again, according to an unconfirmed report of interest in cable company Charter Communications.

A [report](#) in the British paper The Times said Sprint's parent company, Tokyo-based SoftBank Group Corp., had bought nearly 5 percent of Charter. Charter owns Time Warner Cable, now rebranded as Spectrum.

Buying 5 percent of Charter would trigger a disclosure through the Securities and Exchange Commission, but no report is required for an accumulated stake of less than that.

"The covert stake-building by the Japanese conglomerate raises the possibility of a media mega-deal," the Times report said, noting that SoftBank had talked with Charter last year about merging.

Charter had publicly rebuffed that overture. Sprint CEO Marcelo Claure then said Sprint was never offered for sale. Sprint then engaged in semi-public merger talks with rival T-Mobile but ended those efforts last fall.

"We aren't surprised at Sprint's interest (in Charter), particularly in the wake of walking away from" T-Mobile, analyst Jonathan Chaplin wrote in a note to clients at New Street Research.

Since the T-Mobile deal fell apart, Sprint management has emphasized that the company would increase spending to improve its wireless

[network](#). As part of its network efforts, Sprint has announced separate network sharing deals with cable operators Altice USA and Cox Communications. These allow Sprint to piggyback on the cable operators' networks as it improves its own.

A merger with Charter, or some similar network arrangement, would further Sprint's network plans as well. Charter, however, already has a wireless agreement with Verizon that allows the [cable](#) company to offer its customers wireless services using Verizon's network.

Chaplin wrote that "Charter is likely to stick with the Verizon MVNO (network agreement) at least until Sprint rebuilds their network and demonstrates the value of network sharing with Altice. ... As such, if the report is true, it is far more likely that it is a precursor to another acquisition attempt."

Separately, Sprint announced it is borrowing again against its wireless airwaves licenses that allow it to use specific spectrum on its network. The \$3.94 billion borrowing comes on top of its original \$3.5 billion borrowing against the spectrum assets.

The [company](#) had been talking about the added borrowing as it plans to boost investment in its network to more than \$5 billion in the coming year.

Sprint also said Friday it is eliminating 500 jobs from its Overland Park headquarters campus as part of an ongoing cost cutting program to make its operations more efficient.

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