

Sprint, T-Mobile shares fall on fears deal will be blocked

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T-Mobile's purchase of Sprint could encounter opposition from US regulators

Shares of Sprint and T-Mobile tumbled Monday on worries their proposed telecom mega merger would be blocked by antitrust regulators.

After the companies announced their revived deal, shares of Sprint nosedived 13.2 percent to \$5.64 in late-morning trading, while T-Mobile shed 5.3 percent to \$61.08.

Analysts cited the likelihood of regulatory resistance given the competitive impact of losing a major cellphone network provider. The companies are third and fourth in the [wireless market](#).

US [antitrust regulators](#) have blocked AT&T's proposed acquisition of Time Warner, leading to an ongoing court challenge in Washington.

"We envision, at best, a 50 percent chance of regulatory approval given recent industry challenges ... as it will be difficult to prove fewer carriers will be good for consumers," said CFRA Research analyst Angelo Zino, who pointed to Sprint as the more vulnerable of the two companies on a standalone basis.

If it were approved, the T-Mobile purchase of Sprint would create a [company](#) with an implied enterprise value of \$146 billion, establishing a meaningful competitor to AT&T and Verizon.

Architects of the merger have argued the combined company, which will be called T-Mobile, will be well positioned to lead US telecom through the building of a nationwide 5G network, including in rural areas that have been poorly served under current conditions.

The new company will be led by T-Mobile chief executive John Legere. And T-Mobile parent Deutsche Telekom will hold a plurality of shares and nominate nine of 14 directors.

Briefing.com noted that the two companies held talks previously in 2013 and 2014 but a deal was not pursued then in part out of worries about regulatory opposition.

"However, with a new administration in charge, they are going to try again," Briefing said.

"What struck us as interesting is that the press release seems tailor-made to appeal to Trump personally, talking about how much they will invest and how many jobs created," Briefing.com said.

"They also talk a lot about the benefit to rural America, which is Trump's base."

Legere also stressed the need for US technological leadership, saying on CNBC that the US lags China in developing 5G and "this is not something we can allow."

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