

# SoftBank mobile unit in record IPO but market debut flops

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SoftBank Corp. executives celebrate the mobile unit's listing but its share price plunged on its debut

Japanese technology giant SoftBank celebrated the world's second-biggest IPO for its mobile unit Wednesday but the newly traded shares

endured a torrid time in their debut session, plunging nearly 15 percent.

A spokesman for the firm confirmed it had raised around 2.65 trillion yen (\$23.5 billion) via the unit's IPO, making it Japan's largest and the biggest globally since Alibaba went public in 2014.

But at the opening bell, the stock was already trading at 1,463 yen, significantly under the initial offer price of 1,500 yen per share, and headed lower from there.

The firm finished at 1,282 yen, down 14.5 percent from the IPO price with heavy selling into the close.

Ken Miyauchi, CEO of the SoftBank Corp mobile division, acknowledged it was "unfortunate that the share price ended down".

"But this is only the beginning. Many things will happen. We are off to a tough start of our journey... but I see this as a new start for our business," Miyauchi told reporters.

Analysts said the IPO had not come at a particularly good time for SoftBank Corp, as global markets have been suffering in recent months and Japanese lawmakers are taking aim at what they see as mobile operators' overly high prices.

The benchmark Nikkei 225 index slipped 0.6 percent while the broader Topix index was down 0.4 percent.

Other market players said tepid demand was not helped by an embarrassing episode earlier this month when a technical glitch left tens of millions of customers of SoftBank and British mobile operator O2 unable to access data.

Add to that global security concerns over China's Huawei and "the number of those who wanted to buy the shares was rather small", said Masayuki Toshida, senior market analyst at Rakuten Securities.

"Concerns that SoftBank's investment costs could rise because it would not be able to use Huawei parts is a reason not to buy the shares," said one analyst in Tokyo, who declined to be identified.

SoftBank took more than one-third of its mobile unit public and was able to sell the full offering of 1.76 billion shares at the IPO price of 1,500 yen, beating the previous national records set by NTT in 1987 and its subsidiary NTT Docomo in 1998.

## **'Growth strategy'**

The blockbuster IPO is seen as part of boss Masayoshi Son's strategy of transforming SoftBank from a Japan-based telecom company to a global hi-tech investment firm.

Son has already said the IPO would go towards swelling the coffers of his SoftBank Vision Fund, which is worth an estimated \$100 billion and has taken stakes in some of the hottest tech firms, including Uber, Slack, WeWork and Nvidia.

SoftBank and Son have come under the spotlight recently as nearly half the money in the fund comes from Saudi Arabia and the firm maintains close ties with the kingdom.

Those links were highlighted after the murder of journalist Jamal Khashoggi at the Saudi consulate in Istanbul, which sent shares in SoftBank spiralling.

Last month, in eagerly awaited comments on the scandal, Son

condemned the killing but said he would continue to do business with Saudi Arabia.

Analysts at ratings agency Standard & Poor's have said the listing "would further underline SoftBank's transition to an investment holding company".

Another agency, Moody's, said the IPO would "enhance transparency" in the parent company's investment portfolio because the mobile unit's "share price and daily market value will be available to the public".

The SoftBank parent company itself has said the listing would give the mobile unit "greater managerial autonomy to develop its own growth strategy".

It has also said the listing would help clarify the roles of the parent company and its mobile unit.

The mobile unit said in a statement alongside the market debut that it expects net profit of 420 billion yen on sales of 3.7 trillion yen for the full year to March 2019.

In the year that ended March, it logged net profit of 400.75 billion yen on sales of 3.58 trillion yen, it said.

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