

SoftBank confirms deal to sell Flipkart stake to Walmart

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In this Nov. 4, 2014 file photo, SoftBank founder and Chief Executive Officer Masayoshi Son speaks during a news conference in Tokyo. Japanese technology company SoftBank Group Corp. said Wednesday, May 9, 2018 its quarterly profit fell but says its fortunes will change dramatically if reported deals come through. (AP Photo/Eugene Hoshiko, File)

The head of Japanese technology company SoftBank Group Corp. said Wednesday it has reached an agreement to sell its stake in Indian e-

commerce company Flipkart to Walmart.

Softbank founder and CEO Masayoshi Son did not give details in confirming the deal, which has been widely anticipated. He mentioned the agreement while discussing the company's quarterly results.

Son did say he was doubling his initial investment with the sale. The agreement was reached overnight, and an official announcement is coming soon, he said.

SoftBank's sprawling empire encompasses telecommunications, financial-technology, solar energy, ride-booking services and the Pepper companion robot.

Son made the comments on Flipkart casually during his earnings presentation. Later, when he was told no announcement had been made, he told reporters: "Oops. I already said it."

Tokyo-based SoftBank reported Wednesday January-March its profit totaled 24 billion yen (\$219 million), down from 580.5 billion yen the previous year.

Quarterly sales totaled 2.35 trillion yen (\$21 billion), up 1 percent from 2.32 trillion yen.

After an aggressive overseas acquisition campaign, SoftBank also plans to give up some of its stake in U.S. wireless company Sprint, under a \$26.5 billion merger deal that will combine it with T-Mobile. That deal is awaiting U.S. regulatory approval.

Online sales have exploded in India over the past couple years and Amazon has been fighting hard to catch up to Flipkart, which was founded in 2007 by two former Amazon employees, Sachin Bansal and

Binny Bansal. They launched Flipkart from a humble apartment, initially as a bookstore delivery service. The two men are not related.

Walmart has been expanding its online services in the U.S. to better compete with Amazon. The retailing giants are expanding that battle overseas.

In China, where more than 700 million people are online, it has had a tough time competing with local players like Alibaba, another company partnering with SoftBank.

SoftBank, the first telecoms carrier to offer the iPhone in Japan, will continue to own 27 percent of the company formed by the merger of Sprint and T-Mobile. It will keep some managerial influence, although it will no longer control it.

Son said the merged entity will become a winner in the U.S. amid an ongoing move to the next wireless technology of 5G.

Results have improved dramatically at previously money-losing Sprint. Sprint recently reported its best operating income in its company history spanning more than a century.

Son said much of SoftBank's recent profits result from investments of its Vision Fund, set up in 2016 to invest in innovative companies with money from Saudi Arabia and other investors, such as Apple.

He stressed his fund was banking on future winners.

One such company is Britain's ARM Holdings, an innovator in the "internet of things." That investment, he said, was exemplary of SoftBank's vision, given how widespread ARM's chips are in mobile devices found everywhere.

"People in advanced companies are likely buying five ARM chips in their products a year," Son said.

Also as part of the Vision Fund moves, Son announced earlier this year a \$200 billion solar power project in Saudi Arabia, which he described as "the world's biggest solar power generation."

That also illustrates a vision, he said, noting that most of the dozens of nuclear reactors in Japan are still offline after the 2011 nuclear disaster in Fukushima, northeastern Japan, because of beefed up safety standards and lingering public fears.

Son said the swings in SoftBank's overall annual profit came from a one-time perk related to Alibaba, a Chinese e-commerce [company](#), which had inflated earnings the previous year, and a one-time derivative accounting-related loss this year.

In its operations, outside such one-time blips, Alibaba was booming, he said.

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