SoftBank Group nine-month net profit down nearly 70%

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SoftBank's latest results follow a turbulent period for the firm and its CEO Masayoshi Son

Major Japanese technology investor SoftBank Group said Wednesday its net profit plunged nearly 70 percent for the nine months to December as investments in sharing economy companies including WeWork and Uber took a hit.

Bottom-line profit fell 69.0 percent to 476.6 billion yen ($4.3 billion) for the period, as the firm suffered an operating loss of 13.0 billion yen.

The operating loss was largely "due to a decrease in the fair values of investments including Uber and WeWork and its three affiliates," the company said in a statement.

The company did not publish its outlook for the year to March 2020.

The disappointing results follow a turbulent period for the firm and CEO Masayoshi Son has faced criticism over his commitment to start-ups some say are overvalued and lack clear profit models.

SoftBank has taken stakes in some of Silicon Valley's hottest start-ups through its $100 billion Vision Fund.

The group last year announced its long-mooted Vision Fund 2, again targeting around $100 billion, but investors have been slower to commit this time around.

In the second quarter to September, the group reported an operating loss of 704.4 billion yen, the worst in its history.

But it returned to the black for the three months to December, reporting 2.6 billion yen in operating profit, still down from 438.3 billion yen a year earlier.

"We are on course to the black," Son told reporters, forecasting its operating profit would further expand in the further quarter.

"The tide has changed," Son added.

Shares in SoftBank have risen recently on news US hedge fund Elliott Management has built a more-than-$2.5 billion stake in the group.

Son said he recently held "frank talks" with Elliott officials and shared concerns with the fund, including plans to improve transparency in SoftBank's Vision Fund.

"I want to sincerely respond to shareholders no matter whether they speak out or not," Son said.

On Wednesday, stocks rose another 11.88 percent after news that the T-Mobile and Sprint merger had been approved—more than two years after it was first announced.

"It was a tough and long path but eventually, Sprint and T-Mobile have entered the final stage of their merger," Son said.

The merger reduces the risk that SoftBank will need to fund its unit Sprint, which will help improve the parent firm's balance sheet, analysts said.

During the news conference, Son expressed his confidence that WeWork would recover as the embattled office-sharing firm has hired a new CEO.

Sandeep Mathrani, a real estate industry veteran, will officially take over on February 18, replacing co-founder and former leader Adam Neumann, who was forced out by investors.

"(Mathrani) said he is fully confident of rebuilding the company," Son said.

Introduced as one of the stars of the sharing economy, WeWork struggled to reorganise as losses mounted in 2019 and was forced to abandon plans for an IPO.