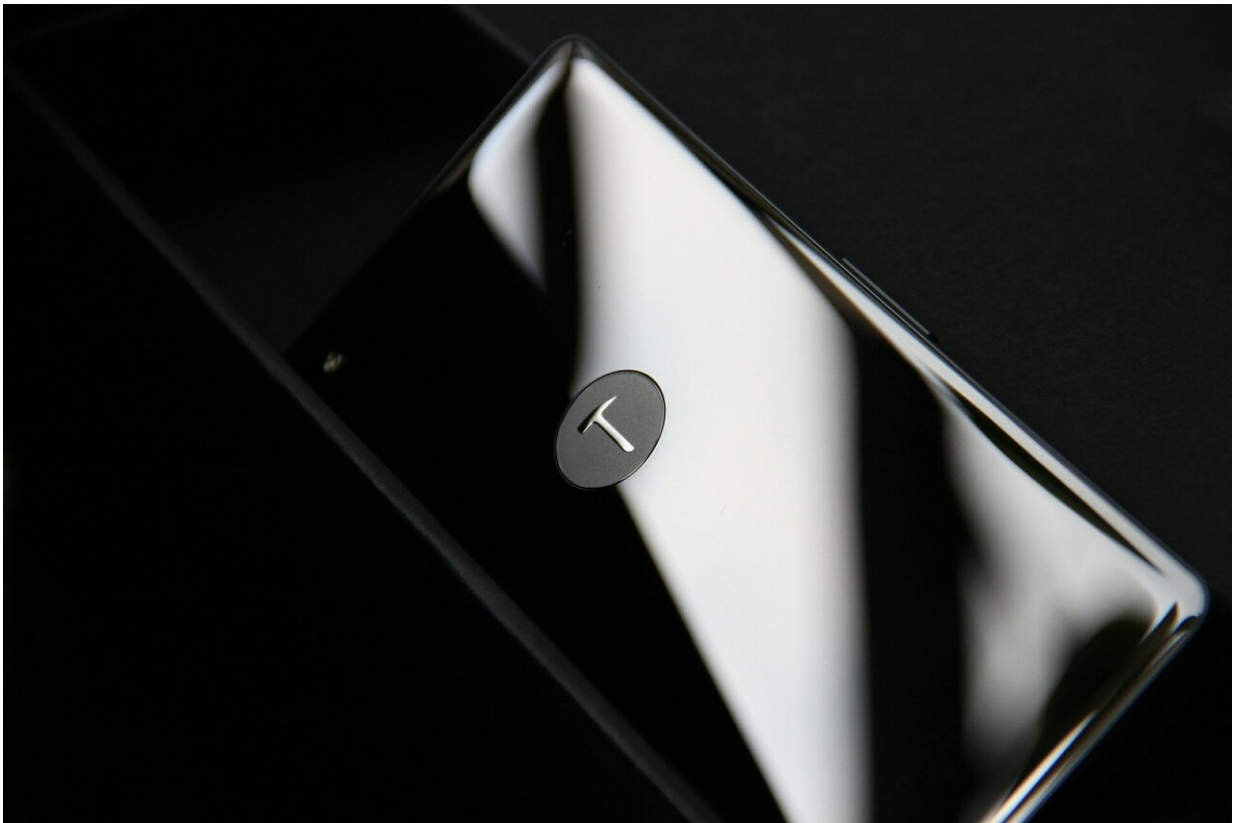


T-Mobile surprises as tech winner in tough stock market

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With everything from once-high-flying software companies to behemoths such as Alphabet Inc. mired in losses this year, investors looking to make money in technology-related stocks have found a

surprising winner—T-Mobile US Inc.

The mobile-phone carrier has jumped 26% and is flirting with an all-time high. It's the only tech, media or telecommunications stock among the Nasdaq 100 Index's best performers, other than Activision Blizzard Inc., the video-game company that's being acquired.

Fast-growing tech companies with high valuations have been hit by higher interest rates, while a slowing economy has weighed on advertising-dependent internet businesses. But T-Mobile has been surpassing estimates for new subscribers this year, helped by its cut-rate mobile phone plans.

"As we saw during the pandemic, cellular connectivity is essential in [modern society](#) and is one of the last things to be cut by consumers," said Keith Snyder, senior equity analyst at CFRA Research. "They may drop to lower priced plans and hold off on purchasing new devices, but they won't cancel service." He has a strong buy rating on the stock.

T-Mobile has outperformed rivals AT&T Inc. and Verizon Communications Inc. by aggressively pricing phone plans at lower tariffs, attracting customers whose wallets are being squeezed by rising inflation. AT&T fell 1.6% this year, while Verizon has slumped 13%.

It also made inroads into building out its 5G network since acquiring Sprint Corp. in 2020, at a time when its rivals were busy shedding their media ventures to turn their focus back to the telecom business.

T-Mobile is "benefitting from the Sprint merger, both on the revenue and cost side," said Ric Prentiss, analyst at Raymond James, who has a strong buy recommendation on the stock. "T-Mobile has gained a 5G network advantage, and is no longer just a value leader but can compete and win on network quality as well."

To be sure, the stock isn't cheap. Trading at 30 times forward earnings, it dwarfs AT&T at 7.3 and Verizon at 8.6 times. The [rivals](#) also pay dividends, unlike T-Mobile. That has kept [investors](#) looking for a steady stream dividends out of the fray.

Though T-Mobile has seen "great" [business growth](#) this year, it's still "extremely expensive," said David Bahnsen, chief investment officer at the Bahnsen Group, a wealth management firm with \$3.7 billion in assets that owns a Verizon stake. Bahnsen said the [stock](#) is a "speculative play more than it's a stable value play."

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