

Technology | AI

SoftBank Unveils \$3.4 Billion Buyback as Son Hunts for AI Deals

- Tech selloff had trimmed much of Tokyo firm's gains this year
- Buyback comes as Masayoshi Son mobilizes for next AI bet

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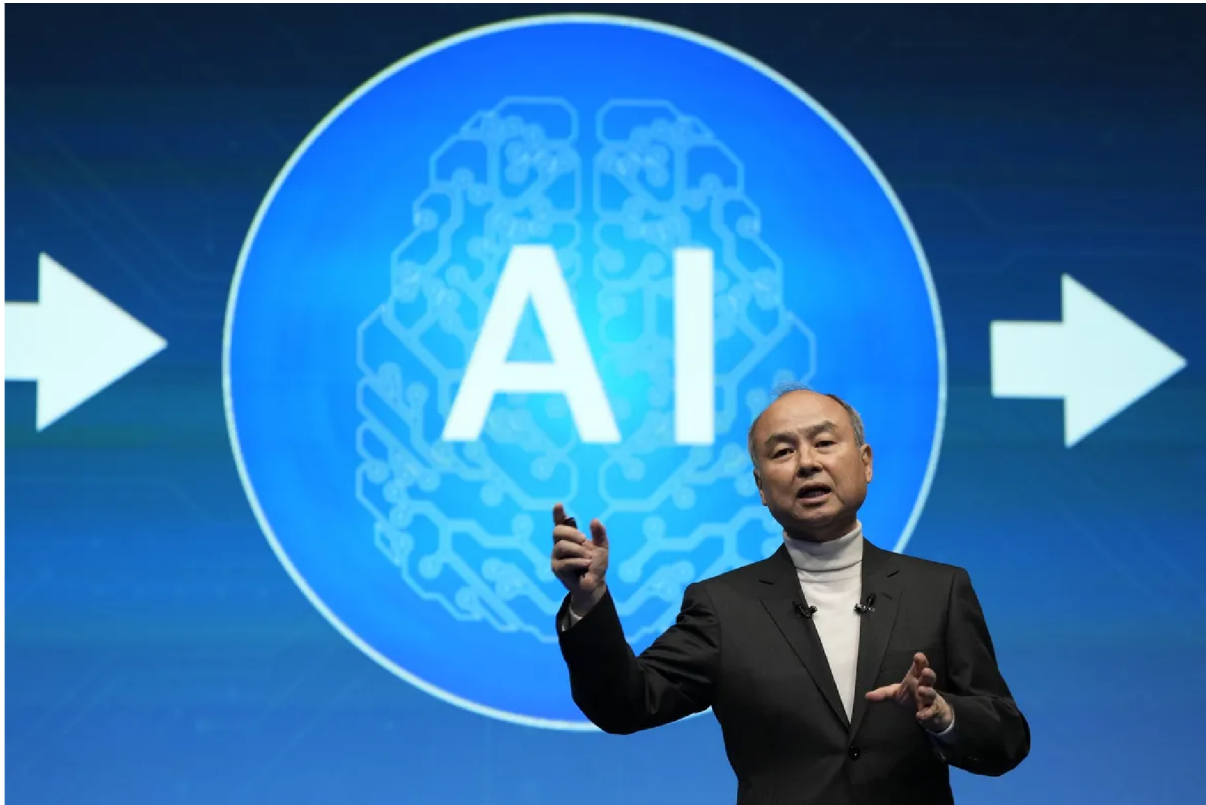
[SoftBank Group Corp.](#) announced a buyback of as much as ¥500 billion (\$3.4 billion), an outlay that still leaves founder Masayoshi Son with a substantial pile of cash as he gears up to make more aggressive investments.

The Tokyo-based technology investor said it would buy up to 6.8% of its free-floating outstanding shares through August 7 of next year. The announcement came after activist investor [Elliott Investment Management](#) built a sizable stake in SoftBank this year and [pushed](#) for a \$15 billion buyback. Elliott's request had no impact on SoftBank's decision, according to SoftBank Chief Financial Officer Yoshimitsu Goto.

The outlay comes as Chief Executive Officer Son is preparing for what appears to be a large-scale push into artificial intelligence and semiconductor investments. SoftBank has built up an enormous cash pile and the value of its assets excluding debt has soared with the share price of its chip affiliate [Arm Holdings Plc.](#)

Goto said it's time for SoftBank to get more aggressive, given the company's net asset value has surged to ¥35.3 trillion. Its loan-to-asset value has also dropped to a low 7.8%, far below its historic 25% target. The company will deploy its funds in areas such as AI chips, data centers and robots, he said, adding that Arm and its chip designs will be at the center of that investment push.

"You could say we're not doing our job as an investment company," said Goto, who has taken over the earnings calls from Son. "We will strive to realize artificial super-intelligence, building on a sound financial foundation."



Masayoshi Son, chairman and chief executive officer of SoftBank Group Corp. *Photographer: Toru Hanai/Bloomberg*

Son has used buybacks in the past to bolster his share price, when he sees it as a valuable use of cash. During the Covid pandemic as shares slid, SoftBank spent about ¥4 trillion to repurchase its stock.

The buyback may ease some pressure to do something about shareholder returns, according to Astris Advisory analyst Kirk Boodry.

“A ¥500 billion buyback should be enough to generate some excitement even if it is relatively light versus previous programs and what activist investors would like to see,” he said. “It’s a manageable size alongside even an accelerated AI investment program.”

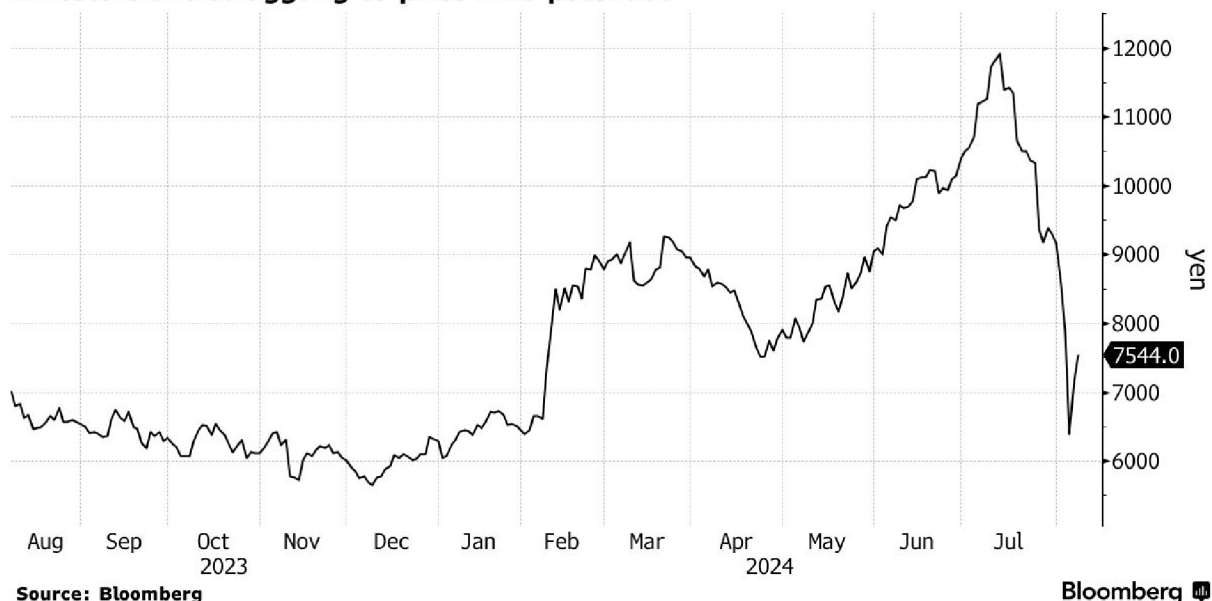
SoftBank has been buffeted by the market’s recent volatility, along with other companies. Its stock plunged Monday by its most since 1998. The shares recouped much of that loss on Tuesday and Wednesday, but SoftBank’s market value was still down more than \$40 billion from a record high notched in July.

SoftBank on the same day reported a smaller net loss of ¥174.28 billion in the June quarter, compared with a loss of ¥477.62 billion a year ago. A weaker yen and Vision Fund asset losses outweighed rising revenues from royalties and licensing fees at chip unit Arm Holdings Plc.

SoftBank remains saddled with hundreds of loss-making startups that remain on its flagship Vision Fund’s books. The majority of that portfolio comprises unlisted young companies, which are seeking to navigate a swiftly transforming tech landscape.

The Vision Fund segment tumbled to a loss of ¥204.3 billion from a profit of ¥61 billion, hurt by declines in the share prices of publicly-listed portfolio companies including AutoStore Holdings Ltd. and Symbotic Inc., as well as markdowns at unlisted startups SoftBank’s invested in.

SoftBank Shares Have Shed Much of Their Gains This Year Investors are struggling to price AI's potential



The company’s ability to raise further financing has soared thanks to Arm’s initial public offering last year, while earnings got a further boost from another sale of T-Mobile US Inc. shares to Deutsche Telekom AG as part of a 2020 deal.

What Bloomberg Intelligence Says:

SoftBank Group’s share buyback program of up to ¥500 billion and increasing pressure on technology stocks could lead to weaker loan-to-value and less headroom to invest under its ratings. Holding company net debt, excluding prepaid forward contracts, increased slightly to \$40 billion in fiscal 1Q, though Arm’s strong share price up to June may offset this. But the chip company’s shares are down around 30% since July, wiping \$47 billion from SoftBank’s portfolio value.

-Sharon Chen

Prior to the market turmoil of recent weeks, Son said he's ready to swing for the fences. The billionaire is working on a plan to deploy some \$100 billion into AI-related chips, Bloomberg reported in February. Last month, the company bought British semiconductor startup [Graphcore Ltd.](#) for an undisclosed sum. The Bristol-based startup designs semiconductors to run AI programs, but has struggled to gain traction, even as far larger rival [Nvidia Corp.](#) surged ahead.

Son is increasingly making bets through the SoftBank holding company rather than through the Vision Fund he set up seven years ago. The Vision Fund's investments came to around \$600 million, compared with some \$1.2 billion directly from the holding company. Over the last few quarters, the Vision Fund has been selling down its assets while slowing its pace of investments. Instead, its team is increasingly advising the holding company of potential targets.

"We learned a lot from our investment mistakes," Goto said. "We will use the insights we gained to tackle our next big challenge."

Read more on Masayoshi Son's next gamble:

[Masayoshi Son Seeks to Build a \\$100 Billion AI Chip Venture](#)

[SoftBank Sells Off Vision Fund Assets as Son Pivots to AI, Chips](#)

[SoftBank's Son Aims to Create 'Super' AI in New Investment Drive](#)

[SoftBank's Masayoshi Son Is Ready for Next Big Bet After Hiatus](#)

[SoftBank to Get More Aggressive in AI After Profit, Asset Sales](#)

(Updates with executive comments and details from earnings release.)

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