

# Carlos Slim backs Telefonica's German ambitions

MADRID, SPAIN: Mexican billionaire Carlos Slim's America Movil said Monday it is backing rival Spanish group Telefonica's sweetened takeover bid, valued at €8.55bn (US\$11.4bn), for German mobile operator E-Plus.

Slim's support is crucial because his America Movil holds the largest single stake of 29.77% in the parent of E-Plus, leading Dutch telecommunications firm KPN.

The Mexican tycoon had withheld support for the initial 23 July offer for E-Plus by Telefonica, his rival in the Latin American market.

Equities analyst Soledad Pellon of the brokerage IG Markets said Slim had feared strengthening his rival but then relented, probably realising he could no longer block Telefonica's path.

"Telefonica has finally emerged the winner," she said. E-Plus parent KPN said it would receive €5.0 billion in cash and a 20.5% stake in Telefonica Deutschland after the transaction, up from a previous offer of €5.0bn and a 17.6% stake.

The implied transaction value of the takeover of E-Plus had improved to a total of €8.55bn from €8.1bn previously, according to both KPN and America Movil.

America Movil built up its stake in KPN during a partially successful takeover offer, which it said it "remains committed" to push through.

"America Movil believes that by acquiring a majority stake in KPN, both companies can benefit from greater operational cooperation and coordination facilitating the realisation of further synergies, including in areas such as procurement, technology, marketing and operational excellence," it said in a statement.

"Also, by achieving majority ownership, America Movil believes it will be able to support KPN to a greater extent with its investment plans in a rapidly changing European environment."

America Movil had given an "irrevocable commitment" to vote in favour of the Telefonica bid for E-Plus in a KPN shareholders meeting to be held on 2 October, KPN said in a separate statement.

Telefonica hailed the deal struck with America Movil, saying the ensuing takeover of E-Plus would unlock €5.0-5.5bn in synergies with its German subsidiary.

"With this agreement, Telefonica comes closer to the objectives announced at the end of July in reference to becoming

Europe's second largest operator," the Spanish group said in a statement.

If approved by regulators and shareholders in KPN and Telefonica's German subsidiary Telefonica Deutschland, the takeover would create a major player in Germany with 43 million mobile customer and combined revenues of €8.6bn, it said.

Source: AFP, via I-Net Bridge

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