

# US fund KKR interested in Italian telecoms giant TIM

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The Italian telecommunications company TIM is assessing a non-binding "indication of interest" by the U.S. investment fund KKR to acquire the entire capital share, a potential 11 billion-euro deal.

Any agreement would need the OK of the Italian government.

TIM in a statement issued on Sunday evening says its board of directors met and "acknowledged" the fund's interest in launching a possible public tender. The due diligence process is expected to take four weeks.

Although TIM is a [private company](#) quoted on the stock exchange, because it is considered a strategic asset for Italy, the Italian government can exercise its so-called "golden power" option to oppose any acquisition it considers wouldn't be in the public's interest.

TIM's statement said its board "acknowledged the intention" of Kohlberg Kravis Roberts & Co. L.P., to date qualified as "non-binding and indicative." TIM said that among conditions is a "minimum level of acceptance of 51%" for both ordinary and savings shares.

KKR's indication of interest was described by TIM as "friendly" and aimed at obtaining approval by TIM's directors and support by TIM's management.

The government is expected to evaluate KKR's interest keenly, especially with regard to any layoffs in TIM, a major Italian company

which is also the country's largest phone operator and holds the biggest part of telecommunications infrastructure in Italy.

The move by KKR comes as Premier Mario Draghi's government has pledged to use billions of euros in EU pandemic economic recovery funds to facilitate the country's [digital transition](#).

A statement on the finance ministry website said the government called KKR's interests "positive news for the country. If this (deal) becomes concrete, it will be the market in the first place to evaluate the solidity of the plan."

In a reference to its "golden power," the government said it will "follow with attention the developments of manifestation of interest and will evaluate carefully, even in regards to the exercising of its own prerogatives, the plans that involve infrastructure."

To properly evaluate the prospects, Italy is setting set up a working group composed of government officials as well as experts.

TIM said the indication of interest foresees a indicative price, to be paid fully in cash, of 0.505 euros per ordinary or savings share. Italian media calculated that would make the offer worth up to 11 billion euros (more than \$12 billion).

KKR already has links to TIM, since a year ago it became part of FiberCop.

FiberCop, formed by TIM, KKR and Fastweb, is developing digital services through high-performance fiber optic connections.

French company Vivendi is TIM's largest single shareholder, with a 23.75% stake. It was not immediately clear how Vivendi might respond

to the U.S. fund's intentions.

TIM, formerly called Telecom Italia, was born in the mid-1990s. Over the years, industrial giants including Olivetti and Benetton have launched offers leading to economic involvement. In 2016, it changed its name to TIM, the same year that Vivendi became a shareholder.

The Italian [government](#) said its aim regarding any deal is to assure that plans are "compatible with the rapid completion of broadband connection." It will also be scrutinizing "the protection and growth of employment."

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