

Telecom Italia approves US fund's bid for network

November 6 2023, by Brigitte HAGEMANN



The Italian telecommunications operator is seeking to sell its fixed network to pare down a huge debt pile.

Telecom Italia on Sunday approved an offer by US investment fund KKR for its fixed-line network, infuriating its main shareholder which

vowed to contest the "illegal" decision.

The Italian telecommunications operator is seeking to sell its fixed network to pare down a huge debt pile that stands at more than 26 billion euros (\$28 billion).

TIM said its board had approved the deal, whose value could reach 22 billion euros and which would reduce the debt by "around 14 billion euros".

Its main [shareholder](#), French media giant Vivendi, has opposed selling the network and valued it at 31 billion euros, saying KKR's previous bids were far too low.

Vivendi said it would "use all legal means at its disposal" to contest TIM's "illegal" decision.

It had previously threatened to launch [legal action](#) if the KKR offer was approved without being submitted to an extraordinary general assembly of shareholders, where Vivendi would carry considerable weight.

"The rights of Telecom Italia shareholders are being trampled on," Vivendi added.

TIM chief executive Pietro Labriola welcomed the board's "historic decision" and said he remained open to dialogue, particularly with the "biggest shareholders".

The Italian government is already the second-largest shareholder in TIM, which was privatized in 1997.

Prime Minister Giorgia Meloni's government intends to take a stake of up to 20 percent in the fixed-line network, viewing it as strategic

infrastructure.

After months of suspense, TIM's board in June approved the start of exclusive negotiations with KKR.

The board rejected a lower offer from the Italian Caisse des Depots and Australian fund Macquarie Asset Management, worth around 19.3 billion euros.

If the [deal](#) goes through, TIM will become the first major operator in Europe to sell its fixed [network](#) on its [domestic market](#) to slash debt.

The debt load is hampering TIM's efforts to invest in rolling out fiber optic networks, where Italy is lagging behind other advanced economies.

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