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FRANKFURT - Dutch telecoms firm KPN is finalizing a deal to sell its German mobile phone towers to U.S. group American Towers for between 300 and 400 million (\$384-511 million), two sources familiar with the matter said.

The deal, which could be sealed as early as next week, comes after lengthy talks with private equity firms EQT and KKR, French tower operator TDF Group and Antin Infrastructure Partners.

KPN, in which Mexico's América Móvil holds a 27.5 percent stake, needs the proceeds of the sale to pay for a mobile frequency auction currently ongoing in the Netherlands and to reduce its debt. Moody's rating agency has KPN on negative watch for a downgrade.

KPN's shares are down 48 percent this year - worse than all other European telecoms firms - as consumers have shifted to free online messaging services instead of traditional calls and texts, squeezing its profits.

The group's net debt increased to 2.7 times core profit in the third quarter, exceeding its target of 2.5 times and up from 2.6 times at the end of June.

KPN slashed its dividend earlier this year to deal with debt and is expecting to pay out €0.35 per share for this year against its previous forecast of €0.90.

The Dutch firm, which operates the E-Plus and BASE brands in Germany, is the third-largest mobile phone operator in the country after Deutsche Telekom and Vodafone.

In late October, the group sold its Dutch mobile towers to Indonesian group Protelindo for 75 million euros.

KPN has said that selling towers makes sense because maintaining them was not part of its core activities of selling voice and data services to customers and businesses.

KPN then rents back the masts it has sold to keep operating its mobile phone businesses.

Such "tower sale and lease back" deals are becoming increasingly common as cash-strapped telecoms



Carlos Slim's América Móvil launched 4G services in Mexico City, Tuesday.

# KPN to sell mobile towers

## 'América Móvil won't seek seat on Telekom'

operators seek alternative means of financing their activities.

T-Mobile USA in September agreed to sell the rights to operate 7,200 mobile towers for \$2.4 billion to Crown Castle International Corp. to help fund a network upgrade and reduce debt at its parent Deutsche Telekom.

### TELEKOM BOARD

América Móvil, the top cellphone company in Latin America, will not pursue an additional seat on Telekom Austria's board for now, Chief Executive Daniel Hajj said on Tuesday.

Mexico-based América Móvil bought a 16 percent stake in

Telekom Austria in September, raising its holding to 22.8 percent, as part of a foray into Europe that also included taking a large stake in Dutch operator KPN.

Oscar von Hauske Solís, the head of América Móvil's fixed-line operations, was elected to the Telekom Austria supervisory board last month.

Hajj also launched on Tuesday América Móvil's 4G services in Mexico, which are expected to reach 26 cities by April of next year, or about 65 percent of the population.

The new service uses long-term evolution (LTE) technology, which will boost average speeds

on wireless devices to 20 Mb from a current range of 3 Mb to 5 Mb, the executive said. The service is already available in Puerto Rico and Brazil.

LTE-ready handsets from Nokia, Motorola and Samsung will be among the first offers to customers willing to upgrade existing equipment.

Other models, including some by Huawei, will come later this year. Between December and January, Apple Inc's iPhone 5 will also be ready for 4G after a software upgrade, Hajj added. Between December and January, Apple Inc's iPhone 5 will also be ready for 4G after a software upgrade.