

# Sonae bid wobbles Portugal Telecom outlook

February 7 2006

---

Sonae's unsolicited bid for Portugal Telecom was seen in a somewhat dim light by financial analysts who feared the telco could be saddled with unwelcome debt.

Standard & Poor's announced in London Tuesday that it had placed a long-term A- rating on PT due to unanswered questions about Sonae's plans to finance the \$12.8 billion deal.

"There has been no communication regarding proposed financing for the bid, but a leveraged deal structure is likely, given that the market capitalization of PT is several times that of Sonae," S&P analyst Leonardo de Torre Zabala said in a release. "In addition, PT's senior secured eurobond debt documentation offers no investor protection in the event of a takeover."

That warning, however, didn't seem to dissuade investors who bid PT shares up sharply Tuesday.

Sonae is a conglomerate controlled by Portuguese financier Belmiro de Avezedo that would become a dominant player in Portugal's wireless and landline sector if the deal goes through.

Portugal Telecom is a former state-owned utility. The government still holds shares in the company and can exercise influence on strategic matters.

*Copyright 2006 by United Press International*

Citation: Sonae bid wobbles Portugal Telecom outlook (2006, February 7) retrieved 25 April 2024 from <https://phys.org/news/2006-02-sonae-portugal-telecom-outlook.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.