

Deutsche Telekom shares soar on AT&T deal

March 21 2011



Shares in Deutsche Telekom soared more than 10 percent as investors welcomed the planned sale of the German firm's T-Mobile USA unit to AT&T in a \$39-billion deal.

Shares in Deutsche Telekom soared more than 10 percent on Monday as investors welcomed the [planned sale](#) of the German firm's T-Mobile USA unit to AT&T in a \$39-billion deal.

At 10:34 am, [Deutsche Telekom](#) stock was trading at 10.78 euros, up 12.4 percent, outperforming the benchmark DAX 30 which stood at 6,815.35 points, up 2.27 percent.

The deal announced late Sunday, if approved by regulators, would give Telekom \$25 billion in cash and \$14 billion worth of AT&T shares, giving it an eight-percent stake based on the US firm's current stock price.

For years [T-Mobile](#) was Telekom's main growth-driver but in recent years a string of poor results gave rise to speculation that it wanted to put an end to a decade-long foray into the cut-throat US market.

The former state monopoly plans to use 13 billion euros from the proceeds to reduce its debt and five billion euros to buy back its own shares on the market.

Analysts at German bank Commerzbank upgraded their rating on Deutsche Telekom to "buy" on the news, saying they have long been "fans of a radical solution in the US."

The deal would enable AT&T to leapfrog Verizon as the biggest US cellphone provider, giving it 34 million more subscribers and securing nearly 40 percent of the market.

(c) 2011 AFP

Citation: Deutsche Telekom shares soar on AT&T deal (2011, March 21) retrieved 26 April 2024 from <https://phys.org/news/2011-03-deutsche-telekom-soar-att.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.