

Hutchison offers \$15B for Telefonica's UK mobile phone unit

January 23 2015

Hong Kong billionaire Li Ka-shing's flagship company said Friday it's offering about \$15 billion for the British business of European mobile phone operator Telefonica.

Hutchison Whampoa Ltd., which already owns British mobile operator Three, said in a statement that it has been in "exclusive negotiations" with Telefonica SA over the past several weeks for the potential purchase of O2 UK.

Hutchison said its offer includes 9.25 billion pounds (\$13.9 billion) in cash plus up to another 1 billion pounds (\$1.5 billion) in interest payments after the deal is completed, depending on how O2 and Three perform once they are combined.

The company cautioned that the deal still needs corporate and regulatory approvals and the talks "may not result in any transaction."

Li is Asia's richest individual, with a fortune estimated by Forbes at about \$35 billion. His sprawling ports-to-retail global conglomerate operates in more than 50 countries.

The deal comes after the 86-year-old Li announced a reorganization of Hutchison into two new listed companies in an attempt to increase shareholder value.

Telefonica said in a statement to Spanish regulators that the negotiations

are expected to last for several weeks while Hutchison conducts a due diligence investigation of O2 UK.

Telefonica shares opened 3.3 percent higher on Madrid's main stock exchange at 13.18 euros (\$14.96).

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Citation: Hutchison offers \$15B for Telefonica's UK mobile phone unit (2015, January 23)
retrieved 23 April 2024 from

<https://phys.org/news/2015-01-hutchison-15b-telefonica-uk-mobile.html>

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