



TECHNOLOGY  
Deal flash, May 2016

## DUAL-TRACK PRIVATIZATION OF SLOVAK TELEKOM

### Deal snapshot

- Deutsche Telekom, the majority shareholder of Slovak Telekom, has acquired the remaining 49% stake in the company from the Slovak government's National Property Fund for just over US\$1 billion.
- The Slovak government ran a dual-track process to dispose of its 49% stake in Slovak Telekom. The intended IPO was not completed and the process was finalized as a direct sale to the majority owner Deutsche Telekom.
- Slovak Telekom is the largest multimedia and telecommunications operator in the Slovak Republic, offering a full range of broadband, fixed telephony, pay-TV, mobile data and voice services as well as a comprehensive suite of ICT services.
- Deutsche Telekom is one of the world's leading integrated telecommunications companies, with approximately 228,000 employees in over 50 countries. The Group provides fixed network, mobile communications, internet and IPTV products and services for consumers, and ICT solutions for business customers.



### Market trends and deal drivers

- The National Property Fund had decided to optimize its portfolio of minority shareholdings and divest a non-controlling interest in the incumbent telecommunications operator in Slovakia, once wholly owned by the state.
- In an effort to maximize its proceeds and introduce this Slovak blue chip enterprise to financial markets, the Slovak government had decided to pursue a dual-track sale process, which potentially could have resulted in the largest IPO in Slovak history. After much deliberation, however, the government decided to accept a complex offer from the majority shareholder, allowing Deutsche Telekom to consolidate its shareholding in Slovak Telekom to 100%.

### Our role in the transaction

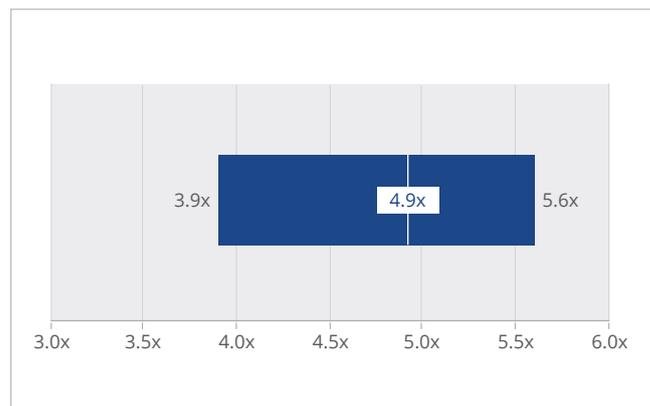
Oaklins' Slovak and Czech teams acted as the joint lead manager, regional offering coordinator and financial advisor in this transaction.



## M&A valuation aspects

- The price range for the IPO offering was set at US\$19.0–25.3 per share, with an implied EV/EBITDA range of 3.9x–5.6x. The range was based on the market response, which was clearly influenced, both positively and negatively, by the following aspects:
  - A unique opportunity to invest in the Slovak telecommunications sector.
  - The position of Slovak Telekom as a leading market player in Slovakia with solid financial results.
  - A strong majority shareholder potentially limiting the influence of minority shareholders on the management of the company.
  - The absence of a transparent dividend policy.
- The final price offered by Deutsche Telekom was US\$23.76 per share, with an implied 4.9x EV/EBITDA multiple.

## Slovak Telekom – Implied EV/EBITDA multiples



Source: Slovak Telekom IPO Prospectus; proprietary intelligence

## Oaklins industry expert



✉ Lubomir Soltys, Partner, Oaklins, Slovakia

Lubomir has advised numerous clients on complex M&A transactions in the telecommunications industry, including the privatization of a majority stake in Slovak Telekom, the dual-track sale of a minority stake in Globtel, the acquisition of a GSM/UMTS license by Telefónica, the sale of a tower and broadcasting unit of Slovak Telekom, the acquisition of Skylink, the acquisition of Towercom by Macquarie and the dual-track sale process of 49% stake in Slovak Telekom.

## OAKLINS HAS CLOSED 171 DEALS IN TECHNOLOGY IN THE LAST 5 YEARS

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