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<https://www.bloomberg.com/news/articles/2021-07-13/apollo-said-in-talks-to-buy-over-5-billion-in-assets-from-lumen>

Deals

# Apollo Is in Talks to Buy Over \$5 Billion in Assets From Lumen

By

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- Lumen said it may seek to sell non-core assets to unlock value
- Communications company may carve out its consumer business

Apollo Global Management Inc. is in talks to acquire a portfolio of assets from communications infrastructure specialist Lumen Technologies Inc., according to people with knowledge of the matter.

The firm is in discussions to carve out Lumen's consumer operations in certain U.S. states in a transaction valued at more than \$5 billion, the people said. A deal, if completed, could be announced in coming weeks, some of the people said. Terms aren't finalized and it's possible talks could collapse.

An Apollo spokeswoman and a representative for Monroe, Louisiana-based Lumen declined to comment.

Lumen's shares rose as much as 7.1% on news of the talks.

The company, formerly known as CenturyLink and led by Chief Executive Officer Jeff Storey, operates a fiber network spanning about 450,000 miles (724,000 kilometers) and has customers in over 60 countries. In addition to serving business and government clients, its consumer business provides internet access to suburban and rural U.S. areas.

Lumen has been “actively looking at selling non-core assets to unlock value in our business,” Storey said on a May earnings call. Cowen analysts have written that Lumen may shop its consumer business.

Moody’s Investors Service in June assigned a speculative “B2” rating to the company’s \$1 billion of senior unsecured notes due in 2029, which were issued to refinance existing debt. Moody’s described Lumen as having “still high but declining leverage and slowing revenue contraction across its business units, exacerbated by secular industry challenges and a highly competitive operating environment.”

Lumen, with a market value of about \$14.9 billion as of Monday’s close, acquired Level 3 Communications Inc. in 2017 for \$34 billion. In 2019, it initiated a strategic review of its consumer business that concluded in 2020 with no deal.

Apollo has made a name for itself in part by snapping up businesses deemed non-core by corporations. Earlier this year, it agreed to buy the majority of Verizon Communications Inc.’s media division, which includes brands such as AOL and Yahoo.

(Updates with Lumen declining to comment.)