

Please, describe the privatization path.

Deutsche Telekom AG developed quickly from a former administratively organized monopoly company to an innovative, dynamic and competitive service company with international ambitions. By 2014, it had become the biggest vendor of telecommunication services in Germany and – judging by its sales revenues in that year amounting to 62.7€ Billion – one of the biggest telecommunication companies worldwide with a presence in more than 50 countries and 228000 employees (as per 31 December 2014). It has its origin in the former publicly owned Deutsche Bundespost of postal and telecommunication services. Until the national postal and telecommunication reform in 1989, the Federal Ministry for Postal Services and Telecommunication was the headquarters from the entire sector.

In Step 1 of the reform, Deutsche Bundespost was split into three independent companies: Deutsche Bundespost Telekom (telecommunication services), Deutsche Bundespost Postdienst (postal services) and Deutsche Bundespost Postbank (banking services). However, these companies still had one common management board with the political and sovereign tasks remaining in the Federal Ministry for Postal Services and Telecommunication.

Step 2 of the national postal and telecommunication reform – implemented on 1 January 1995 – was the transformation of the three companies into independent joint stock companies: Deutsche Telekom AG with its daughter companies being responsible for telecommunication services, Deutsche Post AG for postal services and Deutsche Postbank AG for banking services. Step 2 of the reform also ruled that Deutsche Telekom AG had to be listed on the stock market by 31 December 1999 – which it did in 1996 with the majority of its shares being held privately. The process took place in three steps: (i) IPO-DT1-in November 1996, (ii) second public offering-DT 2-In June 1999 and (iii) third public offering – DT3 – in June 2000. Throughout, the share of the Federal Republic decreased from 100% to 74% after the first stage, to 65% after the second and reduced finally to 58% after the third stage. The takeover of American mobile phone providers VoiceStream and Powertel on 31 May 2001 reduced the share of the government further as the purchases were paid in cash and by swapping shares.