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# Cordiant Digital Infrastructure Limited

LSE: CORD / June 2024



**Cordiant Digital Infrastructure Limited (CORD) is a UK listed investment company providing investors with dedicated exposure to the core infrastructure of the digital economy.**

It creates value from investing in the critical infrastructure of the modern internet including cloud and data centres, mobile telecommunications/ broadcast towers and fibre-optic networks with a focus on the fast-growing UK, Europe, and North America markets.

CORD seeks to deliver long-term and sustainable returns for investors and stakeholders with attractive total returns of at least 9 per cent per annum (comprising capital growth and a progressive dividend). CORD has a strong pipeline of opportunities to further support its development in the years ahead.

### Key facts & statistics:

Market Cap:

**£556m**

as of 19/06/24

Share price:

**72.60p**

as of 19/06/24

Shares in issue:

**766,290,477**

2023 Dividend:

**4.2p** (target\*)

Listing:

**LSE / SFS**

Dividend covered:

**4.4X** by EBITDA

**1.6X** by AFFO

Basic EPS:\*\* **10.4p**

Share price 52 wk. high:

**87p**

as of 19/06/24

Share price 52 wk. low:

**56.80p**

as of 19/06/24

NAV (per ordinary shares):\*\*

**120.1p**

NAV return FY2023

**9.3%**

Net assets:

**£920.7m**

Ticker - LN:

**CORD**

\*This is a target only and not a profit forecast or estimate

\*\*As at 31/04/24, ex-dividend



### What is digital infrastructure?



**Mobile towers** - Enabling the data to leave the fibre and reach your smartphone



**Fibreoptic networks** - The routing data from data centres to mobile towers, businesses and homes



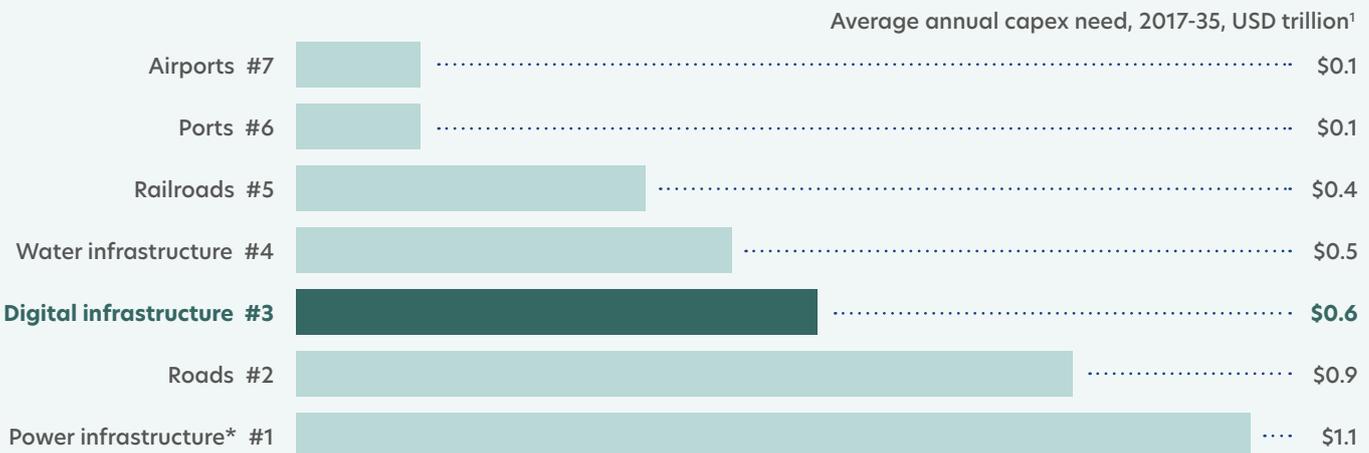
**Cloud & data centres** - Where the data (Netflix, Zoom, Facebook, Google, LinkedIn) lives

## Market opportunity

Demand for digital data continues to increase exponentially as people's lives continue to be lived online in a post Covid-19 world. According to TeleGeography, global demand for data is expected to quadruple by 2025.

In CORD's view, the requirement for services, made possible by digital infrastructure, is likely to continue to grow for years to come. This coupled with the advent of outsourced, shared infrastructure, where carriers and corporations share digital infrastructure to deliver online technologies and applications has resulted in digital infrastructure expected to be the third largest category of infrastructure spending globally.

### Digital infrastructure - 3rd largest infrastructure category & fastest growing



\*Fossil fuel & renewables

1. McKinsey, JP Morgan & Cordiant estimates of market growth 2021

## Acquisition Strategy - BUY, BUILD AND GROW:

Central to CORD's acquisition strategy is to BUY, BUILD AND GROW: to identify mid-market sized platforms with expansion potential, and provide them with the capital and the management expertise to expand and flourish. This approach improves the potential for higher returns to investors, as capital investments made after purchase are generally made at construction cost, which in turn lowers the average cost of entry.



## Acquisitions:

- **£795m of equity** raised and deployed
- Mid-size platforms - **stable income** and **opportunity for growth**
- **Income generated** from long-term contracts with predominantly **'blue-chip' clients**
- In-line with **BUY, BUILD AND GROW** strategy
- **Diversified risk**, through different technologies, clients, and geographies, in **North America, Europe, and the UK**
- **Aggregate portfolio EBITDA increased 7.0% over the prior year**, on a like-for-like pro forma, constant currency basis, to **£139.0 million**

## České Radiokomunikace Acquired: £305.9m on an EBITDA multiple of less than 12x



- Leading independent digital infrastructure platform in the Czech Republic
- Operates a nationwide network of mobile towers; national broadcast, Edge data centres; and c.3,700km of fibre optics and a national sensor network serving major utilities
- Strong market fundamentals - Buoyant demand for digital services with favourable country GDP per capita and public finances

## Hudson Interchange Acquired: £55.8m



- Operates out of 60 Hudson Manhattan NY- one of the most densely connected internet facilities globally
- Occupies c.290,000sq ft
- Customers are typically blue-chip carriers, Internet companies, media firms and SaaS providers
- Contracted space is at a premium price, under long-term leases, across multiple customers

## Emitel Acquired: £378m on an EBITDA multiple of ~ 9.4x



- Multi-asset digital infrastructure business based in Poland - country has one of the highest data consumption growth rates in Europe
- Network of +650 communications towers, a fibre-optic network and a nationwide 'Internet of Things' sensor network, serving utilities
- Predominantly blue-chip customer base
- Expansion opportunities will be explored in all four aspects of digital infrastructure
- 5-star rating from GRESB for ESG

## Speed Fibre Acquired: £164.5m on an EBITDA multiple of ~8.3x



- Ireland's leading open access fibre infrastructure provider
- Includes subsidiaries Enet, who manage or own 5,400km of fibre (including Ireland's 88 metropolitan area networks), and Magnet Plus, who provide connectivity for some of the world's biggest technology companies
- Wholesale contracts with global blue-chip customers
- 5-star rating from GRESB for ESG

## Norkring België NV Acquired: £5.31m



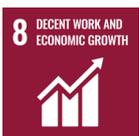
- Leading operator of 25 communication and broadcast towers and holder of two DAB licences and one DTT multiplex licence in Flanders and Brussels
- Provides essential services to media companies, telecoms, and mobile operators
- Conducting pioneering 5G broadcast triable to enable additional capabilities across its network
- Owner of the Sint-Pieters-Leeuw transmission tower, the tallest free standing structure in Belgium, which acts as the central node of its television, radio, and data network

## Pipeline:

- EUR >3.2 billion pipeline
- Opportunities focused on western Europe, UK, US, and Canada
- Data centres and tower deals represent the largest proportion of opportunities
- Pipeline offers opportunity to further diversify the investment portfolio - asset type and geographically

## Responsible Investment:

Digital Infrastructure is a core part of the UN SDGs and investment in digital infrastructure assets has a central role to play on the transition to a low-carbon economy with sustainable cities. While the digital infrastructure sector can be mapped against a number of the UN SDGs, CORD has chosen to focus on the following:



Once digital infrastructure assets are acquired, CORD's Investment Manager aims to work with operating companies to collectively reduce carbon emissions, support social integration and strong governance. Specific activities relating to the environment and sustainability revolve around three interconnected initiatives: Improving the efficiency of electrical consumption; Integrating renewable energy where possible; and enhancing the efficient network design to reduce energy consumption.

Improve the efficiency of electrical consumption

Integrate renewable energy

Enhance efficient network design to reduce energy consumption

## The Investment Manager:

Cordiant Digital Infrastructure's Investment Manager is Cordiant Capital Inc, an experienced manager with over USD4 billion of committed funds and significant expertise and experience in digital infrastructure.

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