

Infracapital to buy 50% stake in SSE Enterprise Telecoms

Infracapital, the infrastructure equity investment arm of M&G Prudential, has entered an agreement with SSE plc to buy a 50 percent stake in SSE Enterprise Telecoms for a total consideration of up to £380m. The consideration comprises:

- £215m to be paid on completion of the transaction which is expected by the end of March 2019; and
- up to £165m to be paid in a series of instalments, subject to the future performance

SSE Enterprise Telecoms is one of the UK's leading connectivity suppliers, with a growing 12,000km UK-wide fibre network. It is committed to helping the UK realise its digital ambitions through infrastructure investment and innovation. SSE Enterprise Telecoms will retain the SSE Group as a key funder and anchor customer whilst gaining from Infracapital's experience of driving rapid growth, deep telecoms expertise and access to additional capital.

Infracapital invests in, builds and manages a range of essential infrastructure to meet the changing needs of society – such as the demand for high-speed internet. Infracapital is an active investor in the telecoms infrastructure sector having managed businesses throughout the UK and continental Europe, with a focus on delivering fibre networks.

The transaction will create a shared ownership structure designed to accelerate SSE Enterprise Telecoms plans for growth in the fibre sector, reaffirming its ambition to establish itself as a leading UK telecoms provider. The partnership supports SSE Enterprise Telecoms commitment to innovation and new technologies which are re-defining the market. The business will be in an ideal position to propel its existing projects and partnerships in areas such as 5G, SD-WAN and smart cities. The investment also provides an opportunity to further enhance the company's customer service and delivery approach which is already a core differentiator in the market.

This transaction aligns with SSE Group strategy to create value for shareholders and society by focusing on its core energy businesses along with its commitment to give each of its businesses, such as SSE Enterprise Telecoms, the best platform from which to realise its full potential and maximise its future success.

Colin Sempill, SSE Enterprise Telecoms Managing Director, said: "Infracapital's investment in SSE Enterprise Telecoms shows the confidence it has in the future growth of the business. It recognises the success we have achieved to date, building out a great network, winning notable contracts and being relentlessly focused on customer satisfaction. Both parties see this as an opportunity to help develop the network infrastructure that this country needs to turn the vision of the UK's digital economy into reality."

James Harraway, Infracapital Director, said: "High-speed connectivity is vital to economic growth and prosperity and we are delighted to announce this partnership with SSE plc. SSE Enterprise Telecoms is an established telecoms infrastructure provider and is well positioned to support growth in this critical sector. Infracapital has considerable expertise of investing in digital infrastructure and we look forward to working closely with our new partners as the business continues to grow, deliver new projects and expand its networks"

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About SSE Enterprise Telecoms

SSE Enterprise Telecoms provides class-leading connectivity and data centre services that deliver very high performance, cost efficiency and a competitive edge. The company operates a UK-wide private telecoms network and an estate of 15 data centres. With its extensive telecoms and data centre operational expertise it offers commercial security with unrivalled in-house engineering resource.

With a passionate and conscientious team, as well as the backing of the SSE Group, it continues to invest in the future of its customers, staff, services, and infrastructure.

For further information, please visit: <http://www.ssetelecoms.com/>

About Infracapital

Infracapital invests in, builds and manages a diverse range of essential infrastructure to meet the evolving needs of society and support sustainable long-term economic growth. Infracapital takes an active role in all of its investments to ensure they are adaptable and resilient, whilst working closely with local communities. Infracapital has raised and managed more than £5 billion across five funds since 2001.

Infracapital has significant experience in the telecoms sector and has been appointed by the UK Government to manage a portion of its £400m Digital Infrastructure Investment Fund, to support the nationwide roll out of high speed fibre.

For further information, please visit: www.infracapital.co.uk

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