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3i Infrastructure plc sells its stake in WIG

19 DECEMBER 2019

3i Infrastructure plc (“3i Infrastructure” or the “Company”) is pleased to announce that it has agreed to sell its 93% stake in Wireless Infrastructure Group (“WIG”), the independent wireless infrastructure operator headquartered in the UK, to Brookfield Infrastructure.

The sale values the Company’s stake in WIG at approximately £387 million, compared to a valuation of £291 million at 30 September 2019. This equates to an enterprise value for WIG of £575 million, and will result in a 27% gross IRR and a 1.7x gross money multiple for 3i Infrastructure. Completion of the transaction is expected to follow very shortly, with approximately half of the proceeds payable immediately, a quarter payable unconditionally in 12 months and a quarter payable unconditionally in 24 months.

3i Infrastructure invested £75 million to acquire a minority interest in WIG in April 2016 to support the growth of the business. In January 2018, 3i Infrastructure invested a further £187 million to increase its equity ownership to 93%. WIG builds and operates communications towers in rural and suburban areas, together with neutral host networks to enable mobile coverage in buildings and on city streets. WIG is an independent operator and invests in high capacity infrastructure that is made available to all networks.

Over the past three years WIG has achieved significant growth and has become a leading provider of indoor mobile infrastructure to buildings right across the UK. Under the Company’s ownership, WIG has also grown its international footprint through the development of its Dutch and Irish tower portfolios, while supporting its mobile customers in the UK through delivery of 4G rollout, new tower builds, and bolt-on tower portfolios.

Following completion of this sale and of the sale of 3i Infrastructure’s UK operational projects portfolio, announced on 6 December 2019, the updated pro forma cash position of the Company will be approximately £390 million. The Investment Manager continues to work on a range of potential new investment opportunities and will assess carefully the appropriate level of cash to maintain as the deal pipeline evolves.

Richard Laing, Chair of 3i Infrastructure, commented:

“This transaction delivers exceptional value to shareholders, well above our investment case back in 2016. Whilst 3i Infrastructure aims to hold its investments over the longer term, we will sell investments where this generates significant additional value for shareholders. This has been an excellent investment for the Company, despite the relatively short holding period.”

Phil White, Managing Partner and Head of Infrastructure, 3i Investments plc, Investment Manager of the Company, added:

“This sale arises unexpectedly but in the context of a changing competitive landscape in the UK mobile towers sector where scale is increasing in importance, with a number of potential tower portfolio transactions anticipated to take place next year. In the process of preparing to position WIG for such a transaction, we received a compelling offer from Brookfield Infrastructure which, after careful consideration, we decided to accept. We concluded that it is better for shareholders that we sell our interest in WIG at this attractive price and look to recycle the capital into new opportunities.

“We are proud of WIG’s achievements during the period of our ownership. We are confident that it will continue to prosper in future under new owners and with the continued strong leadership of CEO Scott Coates and his management team.”

-ENDS-

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Notes to editors:

3i Infrastructure plc

3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company, an approved UK Investment Trust, listed on the London Stock Exchange and regulated by the Jersey Financial Services Commission. The Company’s purpose is to deliver a long-term sustainable return to shareholders from investing in infrastructure.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Conduct Authority and acts as Investment Manager to 3i Infrastructure plc.