



3i Infrastructure plc agrees to acquire DNS:NET

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3i Infrastructure plc (“3i Infrastructure”) has agreed to invest c.€182m to acquire a 60% stake in DNS:NET and to provide additional funding for the future growth of the business.

DNS:NET is a leading independent telecommunications provider in Germany. 3i Infrastructure is buying its stake from Deutsche Beteiligungs AG (“DBAG”), DBAG ECF, a private equity fund managed by DBAG, and Founder and CEO Alexander Lucke, with the latter reinvesting alongside 3i Infrastructure to retain a 40% stake. Completion is expected to take place in June 2021.

Established in 1998, DNS:NET owns the largest independent fibre-to-the-cabinet network in the Berlin area, as well as three data centres. The company differentiates itself through a superior network, local brand recognition and attractive pricing of high bandwidth products, which drives high customer satisfaction. In recent years, DNS:NET has commenced a fibre-to-the-home (“FTTH”) rollout which it now plans to accelerate with 3i Infrastructure’s backing.

Fibre is superior to other broadband access technologies because it provides reliable low latency, high bandwidth and distance-independent connectivity for both download and upload. Demand for FTTH connectivity is forecast to grow rapidly, as consumers normalise data intensive activities such as cloud-based remote working, high definition streaming and online gaming, and increasingly view high speed broadband as an essential service. Germany lags behind most European countries in its FTTH deployment, with only 14% coverage today compared to the European average of 33%. The market is projected to grow at 30% p.a. to meet the German government’s objective of every one of its 43 million households having access to gigabit speed broadband by 2025.

Richard Laing, Chair of 3i Infrastructure, commented: “DNS:NET is an asset-intensive business delivering an essential service in a sector with strong underlying demand trends. It is a high growth asset which will further diversify our portfolio, giving 3i Infrastructure sizeable exposure to the German infrastructure market for the first time.”

Phil White, Managing Partner and Head of Infrastructure, 3i Investments plc, Investment Manager of 3i Infrastructure, added: “For businesses and consumers alike, fibre connectivity is increasingly a necessity as data and computing power moves to the cloud. Alexander has built a highly successful business over more than 20 years and we look forward to partnering with him and his management team as DNS:NET rolls out its fibre-to-the-home offering in Berlin and the surrounding area.”

Peter Wirtz, co-Managing Director 3i Germany, commented: “Alexander is an impressive entrepreneur, who has built a highly regarded business, and we are delighted to be backing him and his management team. We are also pleased to be expanding into the German infrastructure market which we think offers attractive opportunities.”

Alexander Lucke, Founder and CEO of DNS:NET, added: “We are happy to sign our agreement with 3i Infrastructure today. In 3i, we have found the best partner to accelerate our further FTTH rollout. We plan a very significant investment in fibre infrastructure to bring Internet at Gigabit speed to the people, starting in the Berlin/Brandenburg area and Saxony-Anhalt.”

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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. It is a long-term investor in infrastructure businesses and assets. Its market focus is on economic infrastructure and greenfield projects in developed economies, principally in Europe, investing in operating businesses and projects which generate long-term yield and capital growth.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Conduct Authority and is the investment manager of 3i Infrastructure plc.

DNS:NET

DNS:NET Internet Service GmbH (DNS:NET) was founded in 1998 and is one of the full-service network operators in Germany, with its headquarters in Berlin/Brandenburg and a branch in Saxony-Anhalt. DNS:NET is the largest alternative broadband service provider in Brandenburg. Using its own fibre optic rings and high-security data centers, the service portfolio of DNS:NET covers the entire spectrum of IP-based services for business customers as well as telephony, Internet connections and TV products for consumers. Since 2007, DNS:NET has invested specifically in fibre infrastructure to bring Gigabit Internet to white and grey spot regions (areas with slow Internet). DNS:NET invests specifically in fibre optic expansion in Germany and builds FTTH networks for cities and rural areas to shape the roll-out of fibre technology in Germany.
www.dns-net.de