

The image shows several tall, lattice-structured communication towers silhouetted against a sunset sky. The towers are of varying heights and are equipped with various antennas and equipment. The sky transitions from a deep orange near the horizon to a dark blue at the top. The towers are connected by a network of thin cables, creating a complex web of lines across the sky.

THE OBSERVATORY

# Digital Infrastructure Investments Investing in the Future

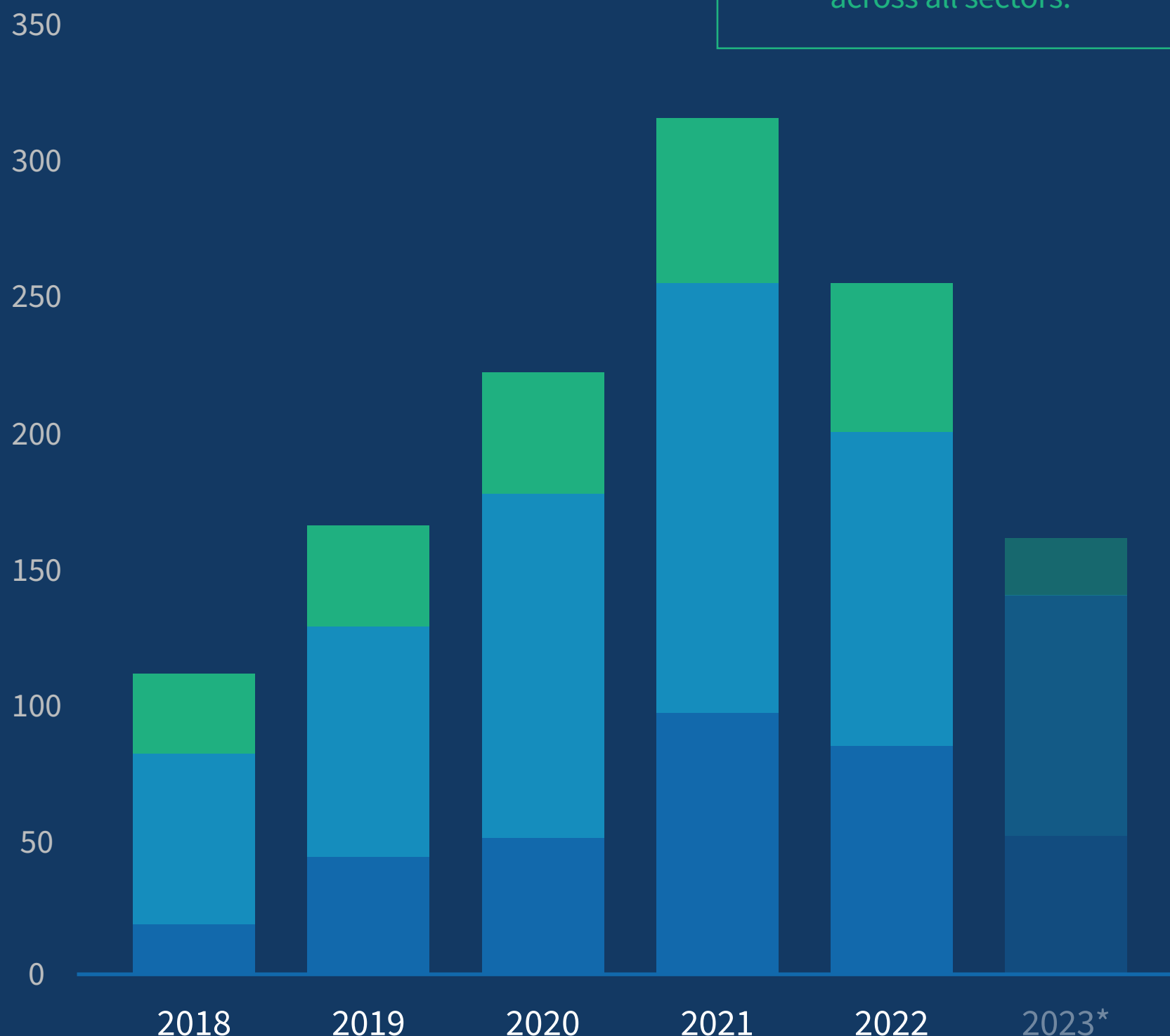
Author: **Jasem Karaouni** - R&I Sr. Analyst

# Digital infrastructure, with a focus on data centers, fiber and towers has attracted investors in recent years

## Global Number of Digital Infrastructure Deals (#)

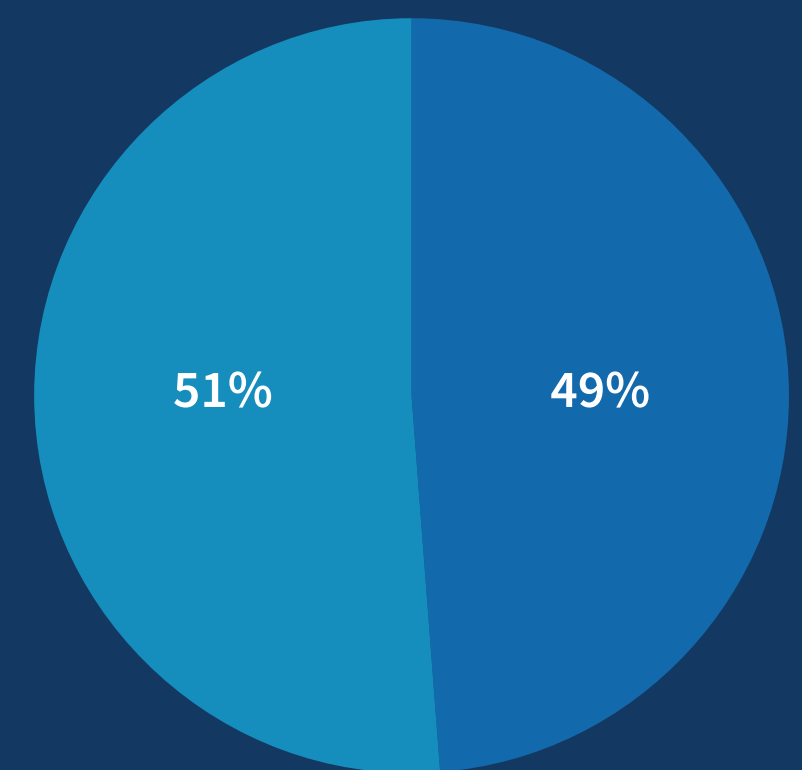
■ Datacenters   ■ Fiber or Cable and Broadband   ■ Towers and Small Cells

Higher market interest rates decreased investor activity across all sectors.



The involvement of Private Equity (“PE”)/ Venture Capital (“VC”) investors has remained constant over the observed period

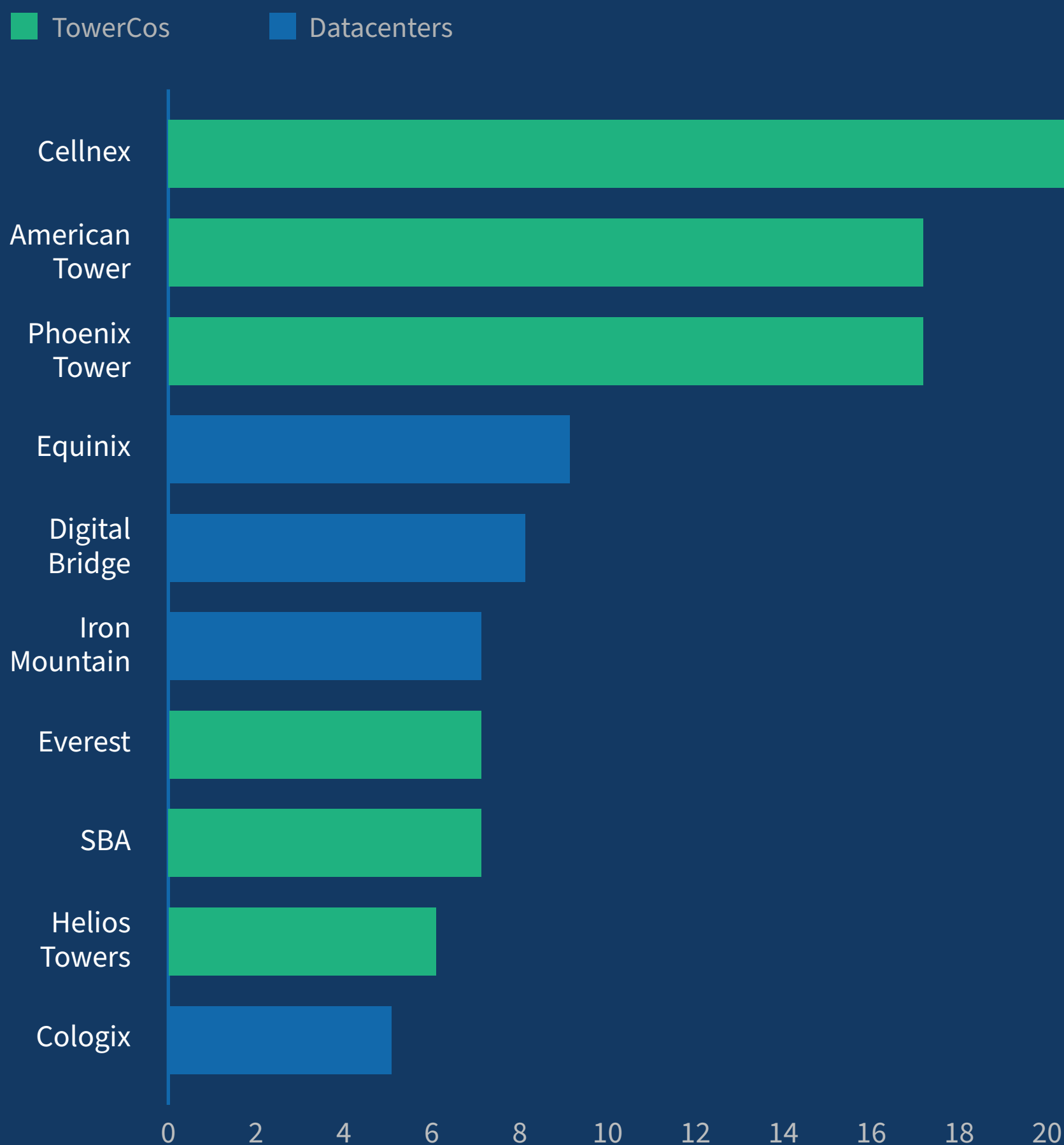
■ P/E or VC Deals  
■ Non-P/E or VC Deals



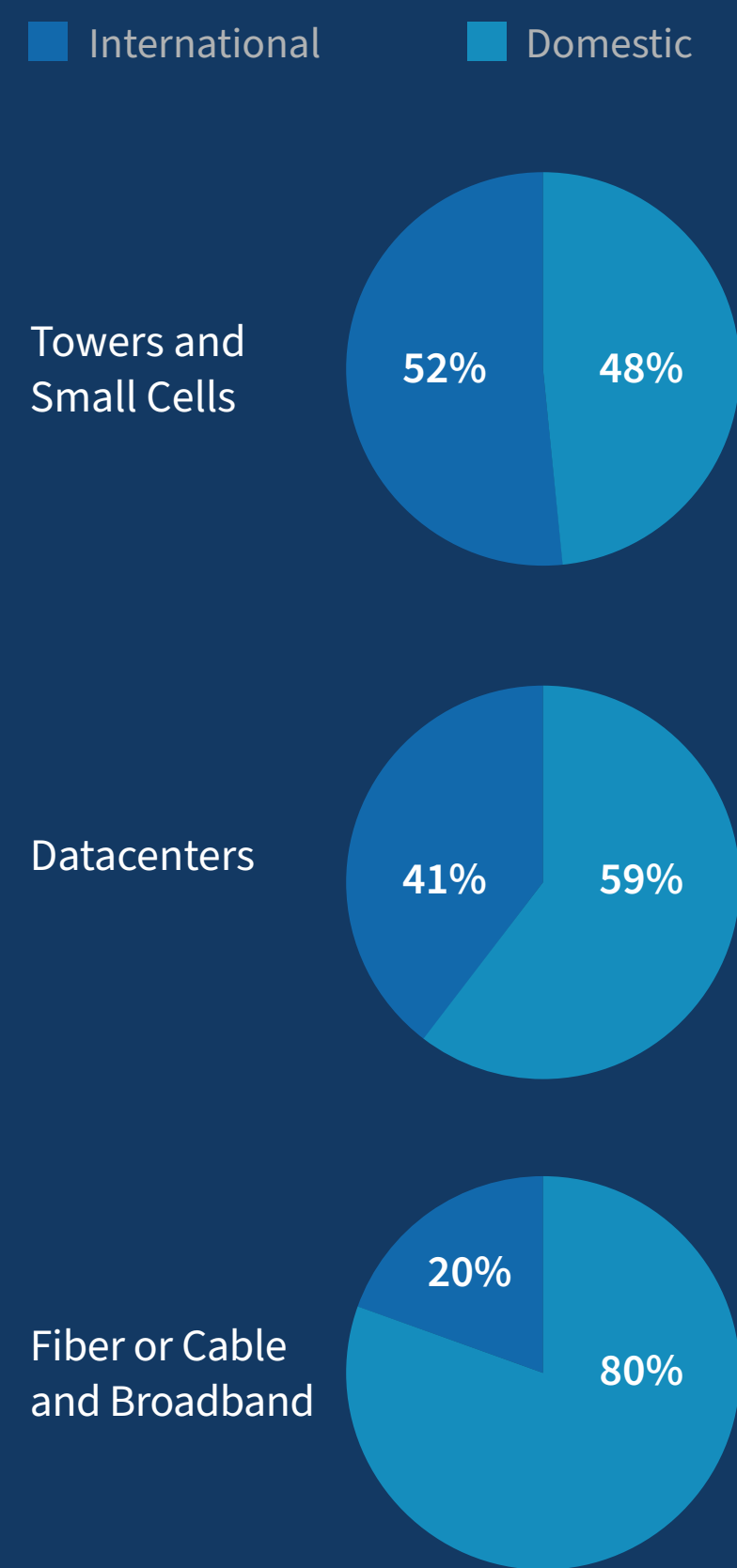
Note: \*As of August 2023. Source: TMT Finance, Dgtl Infra, TowerXchange, broker reports, FTI Delta analysis

# TowerCos and Datacenters have acquired domestic and international assets recently, with fiber transactions primarily targeting domestic markets

## Strategic\* investors with the highest number of deals (#)



## Deal count\*\* by investor location (2018-2023)



Note: \*Non-financial investors directly operating assets, \*\*Deal count refers to deals conducted by non-financial investors  
Source: FTI Delta analysis

# Digital infrastructure deal values peaked in the four years up to 2021, only to fall by 40% in 2022, due to higher debt costs

## Key Reasons for Investment



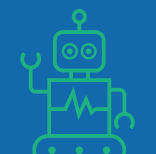
**Strong market fundamentals driving demand**



**Higher IRRs than traditional infrastructure (e.g., utilities)**



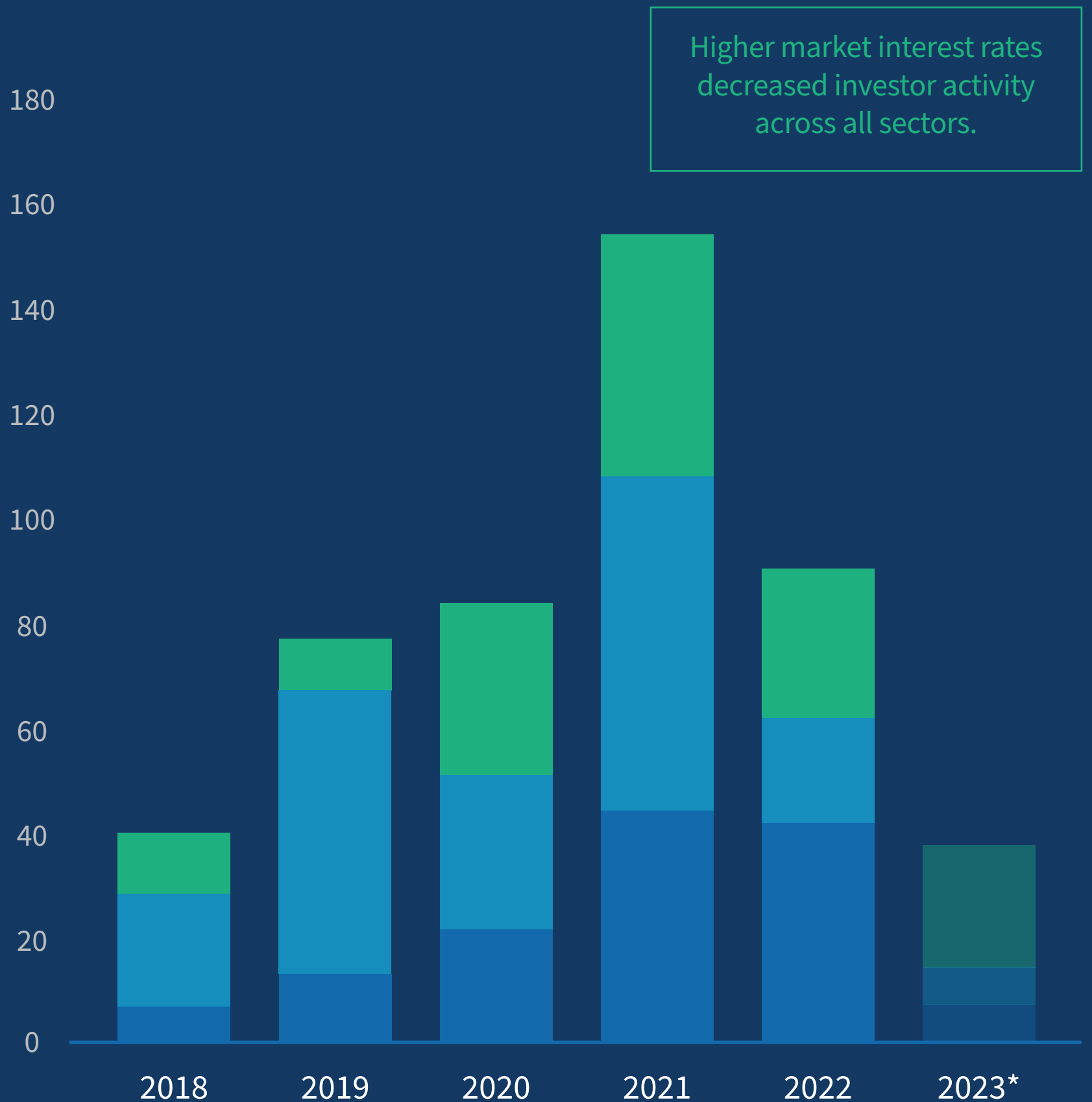
**Lower competition due to capital-intensive sector**



**Emerging technologies requires solid infrastructure**

## Digital Infrastructure Deals Value (\$ billions)

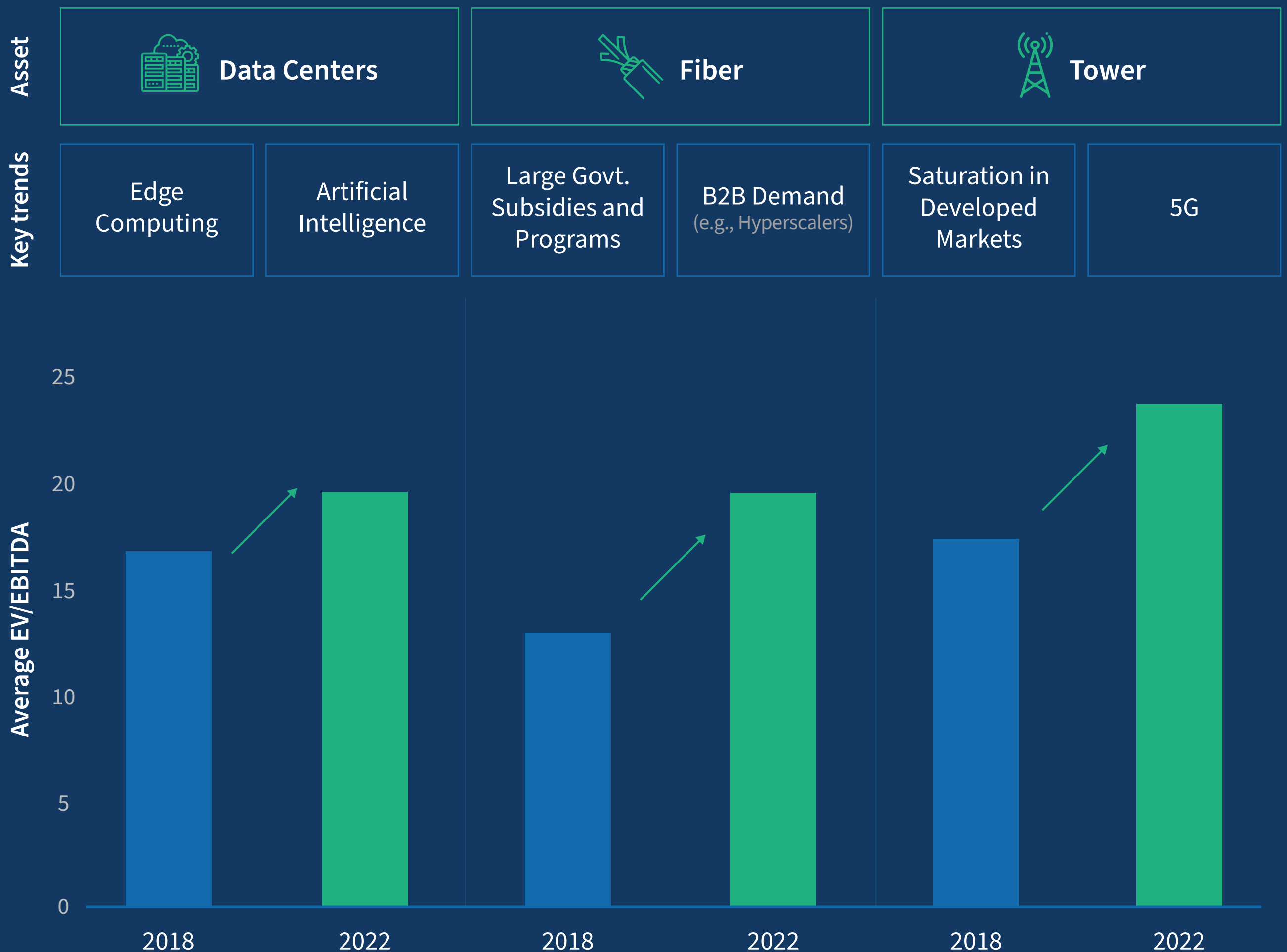
■ Datacenters   ■ Fiber or Cable and Broadband   ■ Towers and Small Cells



Note: \*As of August 2023

Source: TMT Finance, Dgtl Infra, TowerXchange, broker reports, FTI Delta Analysis

# Despite the reduced deal values, valuation multiples remained resilient across the three asset types



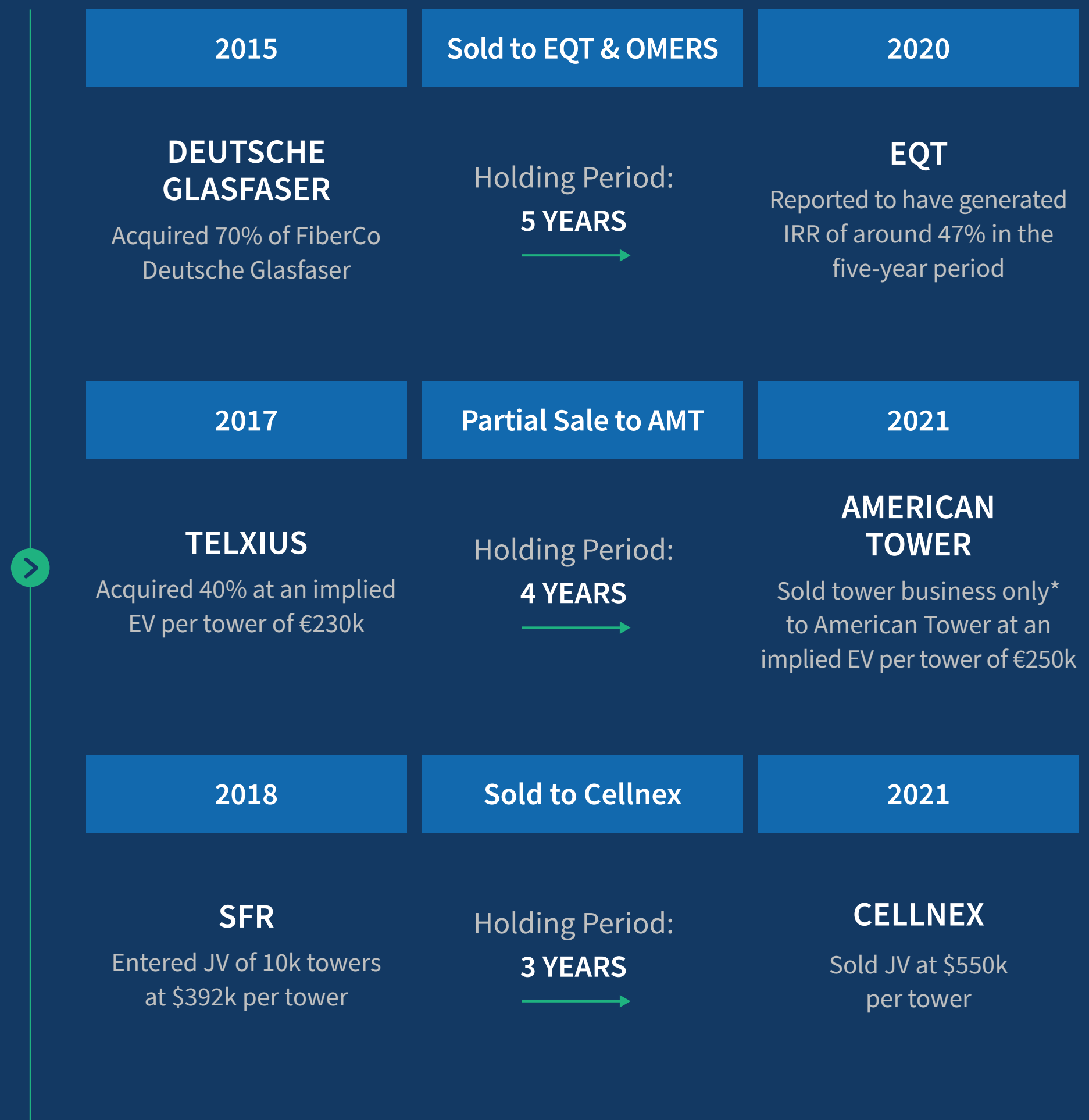
# Case study I: KKR has had several successful digital infrastructure deals

**Assets Under Management**  
\$500+ billion

**Total Investments (#)**  
2,000+

**Total Digital Infrastructure Investments (EST. #)**  
80+

**Average Investment Holding Period**  
~5 years



Note: Telxius operated 31,000km of submarine cables  
Source: Pitchbook, DgtlInfra, TowerXchange, broker reports, news clippings, FTI Delta analysis

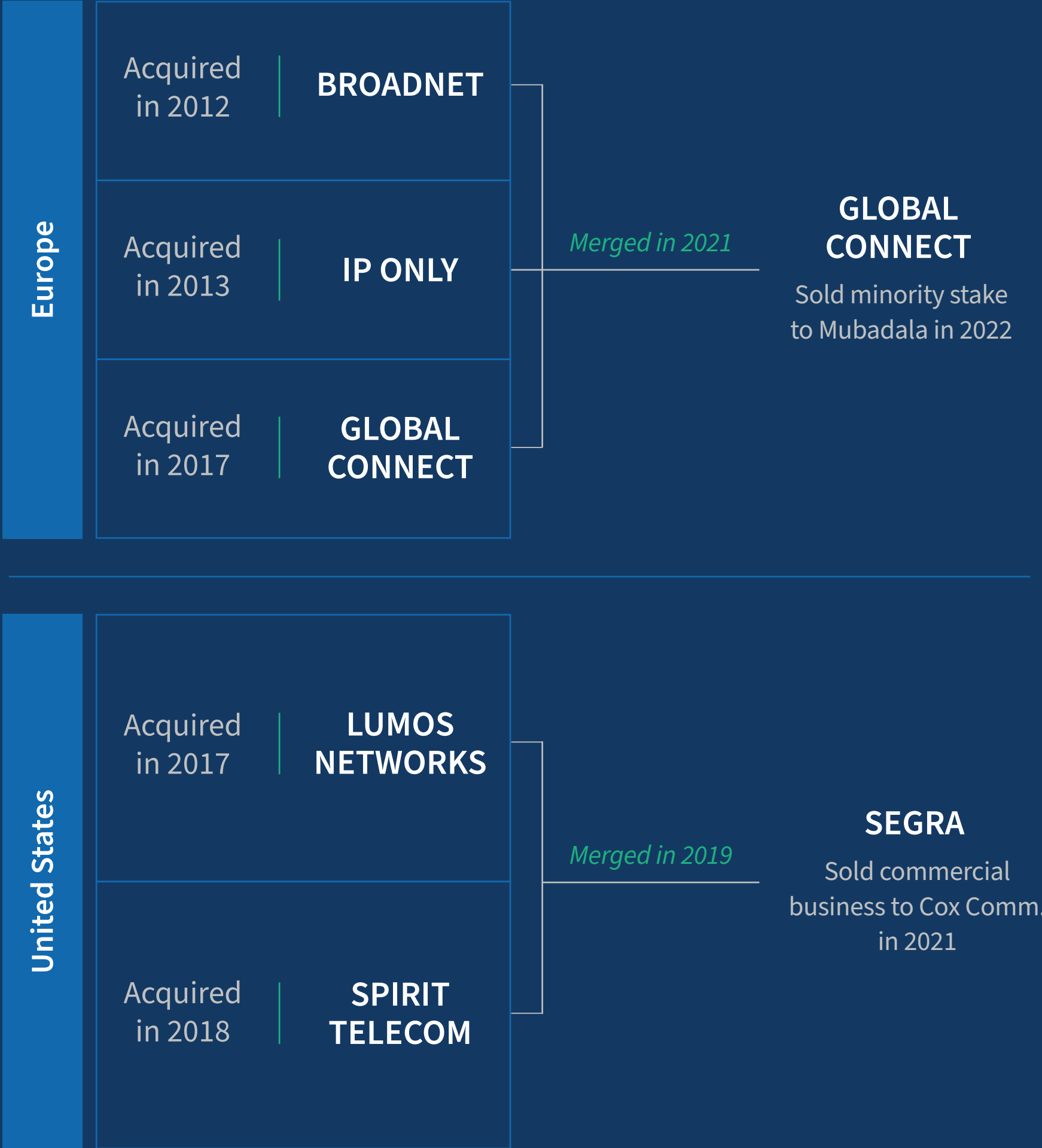
# Case study II: EQT drives value from consolidation of various digital infrastructure entities

**Assets Under Management**  
\$130+ billion

**Total Investments (#)**  
1,400+

**Total Digital Infrastructure Investments (EST. #)**  
70+

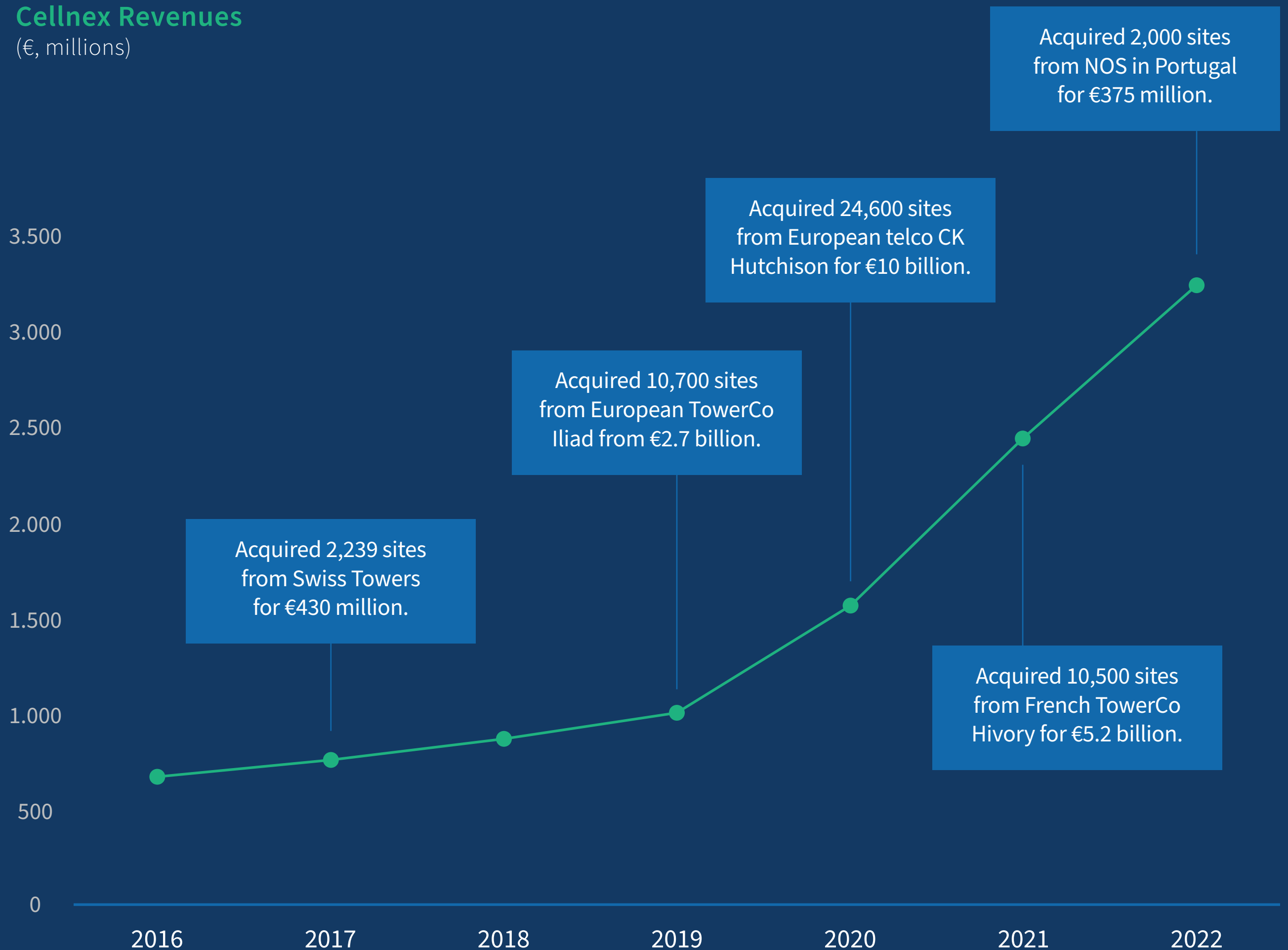
**Average Investment Holding Period**  
~5 years



Source: News clippings, FTI Delta analysis

# Case study III: Cellnex drives growth through tower acquisition across Europe

## Cellnex Revenues (€, millions)



Note: Only major deals with available deal values are included  
Source: CapIQ, news clippings, FTI Delta analysis