

Press release

Monday, 18 March 2019

STOA Infra & Energy (“STOA”) acquires a strategic equity interest in Metro Fibre Network (“Metro Fibre”) in South Africa

STOA is pleased to announce its acquisition of a significant minority equity investment (23,08%) in South African open access fibre network operator, Metro Fibre. Metro Fibre is a high growth emerging player in South Africa’s Fibre-To-The-Home (“FTTH”) and Fibre-To-The-Business (“FTTB”) markets.

STOA is a joint stock French company owned by Caisse des Dépôts (“CDC”) and Agence Française de Développement (“AFD”) with a capital base of EUR 600 million earmarked for investments in equity and quasi equity in developing and emerging countries in the power, telecommunications and transportation sectors, with a strong focus on Africa.

Established in 2010, Metro Fibre started operations as a fibre connectivity provider to South African medium-to-large companies. Over the last 8 years, Metro Fibre has expanded its service offering to both residential and corporate customers in line with its strategic objective of being a diversified operator. Metro Fibre owns its core network which is a globally compliant Carrier Ethernet 2.0 open access network. Metro Fibre’s growth plans include establishing a national network that will continue to focus on FTTH and FTTB customers.

In 2015, Metrofibre launched its FTTH offering, focusing on the Northern suburbs of Johannesburg and Pretoria in the Gauteng Province. The FTTH segment has seen homes passed growth in excess of 216% compound annual growth rate (“CAGR”) and connected homes growth in excess of 151% CAGR since inception.

In the FTTB segment, Metro Fibre has grown its FTTB services from providing layer one and layer two services to include layer three services which are provided to wholesale and retail customers. Metro Fibre has strategically developed its FTTB competency to service blue-chip financial services customers, with both local and international corporates amongst its customer base.

In November 2017, Metro Fibre’s shareholders and management embarked on a capital expenditure (“capex”) expansion drive which would see the company invest over ZAR2 billion in its core network, to enhance its FTTH and FTTB offering. To support the capex expansion plan, the current shareholders, which include Sanlam Life Insurance Limited through its Sanlam Private Equity division and African Rainbow Capital Investment Limited, agreed to contribute additional equity capital as well as attract a new investor to Metro Fibre’s shareholder group.

Commenting on the transaction, Metro Fibre CEO, Steve Booysen, noted “in support of President Cyril Ramaphosa’s drive to bring foreign direct investment to South Africa, Metro Fibre is delighted to be attracting STOA’s equity investment not only into our business, but into the broader South African economy.” The investment is important for the telecommunications sector with President Ramaphosa being quoted as acknowledging that “the telecommunications sector presents vast potential for boosting economic growth” in the 2019 South Africa State of the Nation Address.

“Metro Fibre currently has the benefit of strong leadership and operational teams as well as two significant shareholders of reference in Sanlam Life Insurance Limited through its Sanlam Private Equity division and African Rainbow Capital Investments Limited. The successful capital raise enables us to further expand our infrastructure and capabilities off an already strong base whilst growing rapidly to achieve mass-scale in a highly competitive and fast paced telecommunications sub-sector.”

“For our customers, this transaction means greater access to quality and reliable fibre internet infrastructure and related products. For our colleagues, this transaction means greater career prospects as the business grows, and most significantly, it will result in the further creation of employment opportunities in a country that has one of the highest youth unemployment rates in the world.”

As an emerging market’s focused infrastructure investor, telecommunications is a core sector focus for STOA and South Africa is also one of STOA’s key targeted geographies. STOA, Metro Fibre’s current shareholders and management team have aligned values and share a common goal for the development of the South African telecommunications sector through the provision of quality products and services over fibre networks.

Commenting further, Marie-Laure Mazaud, Deputy CEO of STOA underlines the long-term benefits of this transaction “The telecommunications sector is a significant driver of economic growth and has direct social impact through the improvement of fast and affordable internet access in Africa. Thus, broadening our portfolio into the telecommunications sector is a natural step for STOA whose objective is to foster socio-economic development in African countries and reduce digital bridge amongst others.

This transaction, which is our third investment in a major infrastructure project, will allow us to collaborate with a strong fibre operator in South Africa and to support a fast-growing company in a dynamic market with increasing demand. We are really confident with our partnership with Metro Fibre and are looking forward to supporting the management to take advantage of new opportunities, reach a critical size and bring top tier connectivity to homes and businesses in the country.”

Standard Bank’s Global Head of Telecoms, Nina Triantis, commented, “This transaction is consistent with the theme that we see in the fibre sub-sector in Africa. The provision of fibre products and services has experienced tremendous growth and offers attractive returns to investors, despite the increasing competition. To support this growth, operators continue to raise capital from both debt and equity providers.” Standard Bank advised Metro Fibre on the transaction and was instrumental in finding the right foreign partner, a key preference of the current shareholders and the management team.

About Metro Fibre

Metro Fibre Network (Proprietary) Limited is a South African company. Metro Fibre is an Independent Communications Authority of South Africa (“ICASA”) licensed open access fibre network operator and Internet Service Provider (“ISP”). Metro Fibre’s shareholders include Sanlam Life Insurance Limited through its Sanlam Private Equity division, African Rainbow Capital Investments Limited, Pretor Financial Services (Proprietary) Limited and the management team.

To learn more, visit: <https://metrofibre.co.za/>

Press contact – Metro Fibre: Liza Kok, lizak@metrofibre.co.za, +27 (0) 87 151 4000

About STOA

STOA is a joint stock company (société anonyme) with a share capital of EUR 120,000,000, 83.3% owned by Caisse des Dépôts (“CDC”) and 16.7% owned by Agence Française de Développement (“AFD”), the object of which is to invest up to EUR 600,000,000 in equity and quasi equity in developing and emerging countries in the infrastructure and power sectors. STOA benefits from the complementary support and expertise of its two shareholders. Caisse des Dépôts is a public long-term investor serving the general interest and economic development of local areas, AFD is the French Public Development Bank which commits financing to projects in key transition sectors in developing and emerging countries. In the context of their common strategy, these two institutions are fully committed to play a key role in the four material transitions, i.e. the power/environmental, digital, territorial and demographic transitions.

To learn more, visit: www.stoainfraenergy.com



Press contact – STOA: Anne Vallé, secretariat@stoainfraenergy.com – +33 (0)1 58 50 13 71