

DATE

March 05, 2020

SECTORS

Infrastructure

DEAL TYPE

M&A Advisory

DEAL LOCATIONS



DEAL TEAM



Neale Marvin

Managing Director



Joaquín Gonzalo

Managing Director

DC Advisory advised Equitix on the acquisition of Telecom CLM



BACKGROUND:

- Telecom Castilla-La-Mancha S.A. (Telecom CLM) is the third largest independent TowerCo in Spain and no.1 provider of telecommunication and broadcasting services across the Castilla-La Mancha (CLM) region
- The company's main activities include:
 - Mobile tower site-rental services (under 10-15 year agreements) for the 'big four' Spanish mobile network operators (MNOs) – Movistar, Masmovil, Vodafone and Orange
 - TV and radio broadcasting and distribution services (7-10 year contracts) with 100% regional coverage
- Telecom CLM is a highly attractive telecom infrastructure asset with significant growth potential, underpinned by 4G and 5G deployments, as well as UHD 4k
- In 2018, the company reported revenue and EBITDA of €12.7m and €7m respectively, and currently manages a network of 1,038 sites, employing 36 staff

PROCESS:

- DC Advisory (DC) was engaged by Equitix as financial adviser on the acquisition of a 55% stake in Telecom CLM from Teleseñal S.A. (35% shareholder) and Inversiones Corporativas S.A. (20% shareholder)
- The remaining 45% shareholder, Junta de Comunidades de Castilla-La-Mancha (a regional government entity), decided not to exercise its pre-emption right or sell its stake
- DC provided comprehensive M&A advice to Equitix throughout the acquisition process, including:
 - Process strategy and tactics;
 - Business plan review;

- Financial modelling and valuation;
 - Due diligence coordination;
 - Support in seller negotiations; and
 - Advice on transaction documentation, including SPA.
- DC was uniquely positioned to advise Equitix on this transaction due to its previous role as financial adviser to AMP Capital on the acquisition of Axion from Antin Infrastructure Partners in 2016

OUTCOME:

- DC was able to deliver a highly successful outcome for Equitix following a very complex acquisition process, including:
 - A three-round, highly competitive auction process including 2 BAFOs
 - A limited period to complete due diligence during the summer months in Spain
 - An interview with Junta de Comunidades de Castilla-La-Mancha to test new shareholder alignment as long-term partners
 - Complex negotiation around a Warranty & Indemnity package included in the transaction documentation to protect Equitix from the ongoing European Commission DTT state aid proceeding
- On 1 October 2019, Equitix signed the acquisition of a 55% stake in Telecom CLM (value undisclosed), with completion on 27 February 2020 after fulfilment of the required regulatory and antitrust conditions