



INVESTMENTS  
WITH PURPOSE  
FOR PROFIT  
BY PEOPLE  
FROM TRIPLE POINT

# See Change.

*Critical infrastructure for our connected world,  
with long-term, contracted, inflation-protected income*

Digital 9 Infrastructure plc

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Interim results presentation

For the six-month period ended 30 June 2023



## THE PRESENTATION TEAM



**Ben Beaton**  
Fund Manager



**Diego Massidda**  
Head of Digital Infrastructure



**Arnaud Jaguin**  
Head of Investment



**Chris Flowers**  
Finance Director

**Investment Manager with digital infrastructure track record of >\$300 billion**

## AGENDA

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## APPOINTMENT OF HEAD OF DIGITAL INFRASTRUCTURE

### 20+ years' operating experience in global telecoms and digital infrastructure



**Diego Massidda**

Head of Digital Infrastructure

Previous experience:



Diego Massidda has been appointed as Head of Digital Infrastructure with effect from 1 September 2023. Diego will lead the active management of D9's portfolio to further optimise its operating and financial performance and help drive the growth and convergence of D9's platforms.

Diego has spent 16 years with Vodafone Group plc ("Vodafone"), with most recent position as the CEO of Vodafone Partner Markets, providing strategic guidance and operational expertise to partner market CEOs. He was also CEO of Vodafone Carrier Services, and has spent five years as CEO of Vodafone Hungary.

He was previously the CEO of Telecom Italia France and Tiscali (South Africa and later France), during which time he was responsible for the B2B hosting and co-location business of these entities based on their data centre assets.

Diego started his career as a civil engineer, and later worked for McKinsey & Company. He is a qualified civil engineer and holds an MBA from INSEAD Business School.



Highlights



**OCF Update**

**Capital Allocation**

**Shareholder Consultation**



# VERNE GLOBAL TRANSACTION ENHANCING D9 SHAREHOLDER VALUE SIGNIFICANTLY

Increase in Verne Global growth capex pipeline from £493m to £610m



**Supporting valuation of  
Verne Global**



**Generating significant  
cash proceeds to repay  
RCF**



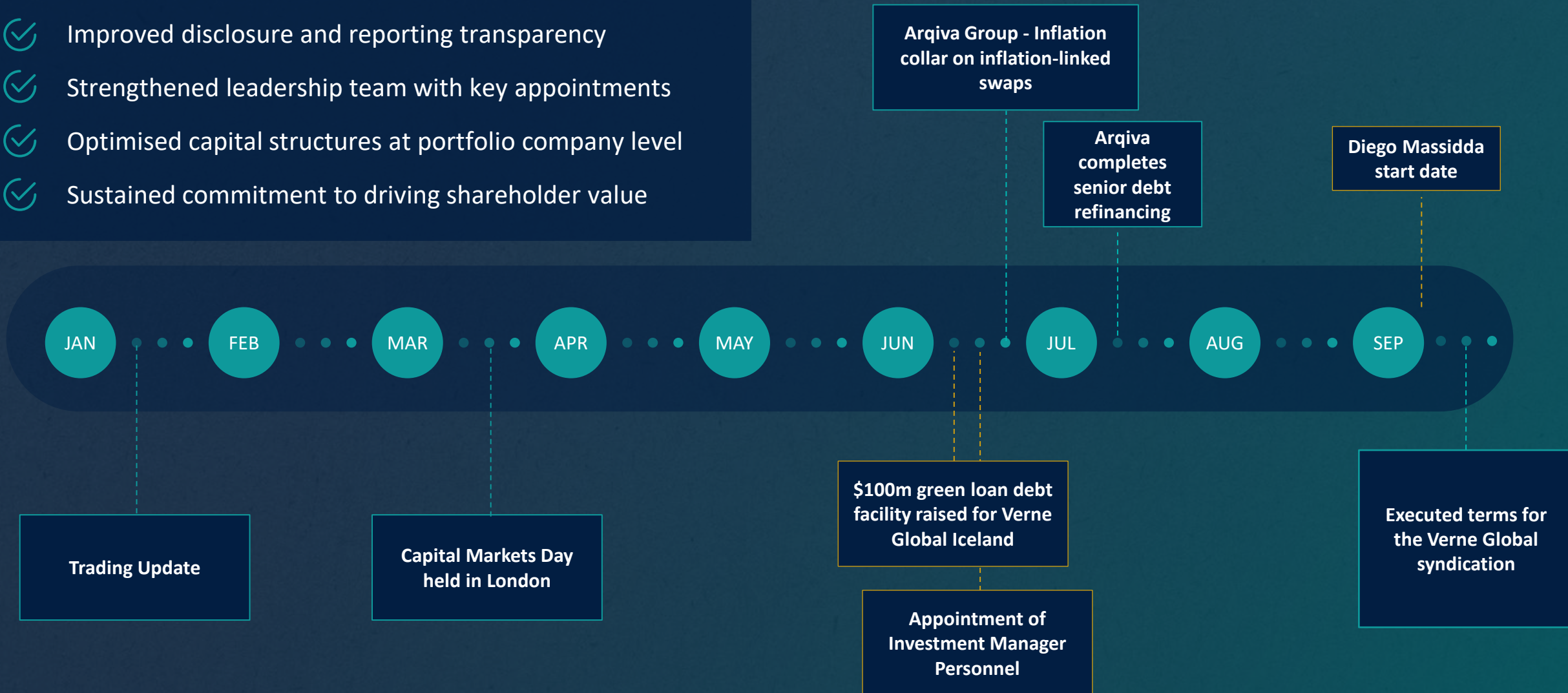
**Introducing strategic  
capital partner to fund  
growth capex**

Executed terms to be announced in Q4 2023



## INITIATIVES DELIVERED SINCE JANUARY

- ✓ Improved disclosure and reporting transparency
- ✓ Strengthened leadership team with key appointments
- ✓ Optimised capital structures at portfolio company level
- ✓ Sustained commitment to driving shareholder value





# Financial Review





# FINANCIAL HIGHLIGHTS AS AT 30 JUNE 2023

**100.13 pence**

**IFRS NAV per share**

**3.0 pence**

**Dividend per share**

Dividends paid during the period in respect of the period from 1 October 2022 to 31 March 2023

**£839.5 million**

**IFRS Investment Valuation**

Portfolio fair value on an IFRS basis as at 30 June 2023, an 8% reduction from 31 December 2022

**£529.4 million**

**Market Capitalisation**

Market capitalisation of £529 million as at 30 June 2023. Reflecting a fair value loss on investments

**(6.6) pence**

**(Loss) per share**

Losses per share for the period to 30 June 2023 were 6.6 pence (calculated on a weighted average number of shares in issue) equivalent to a loss before tax of £57.0 million

**(11.2)%**

**Total Return Annualised For 6-months to 30 June 23**

On a NAV performance basis, Annualised Total Return since IPO was 6.4%, which represents the increase in NAV and dividends paid per share from the period from IPO to 30 June 2023

**£1.24 billion**

**Adjusted Gross Asset Value**

Total assets of the Company adjusted to include any third-party debt funding drawn or available to any Group Company (excl. Investee Companies)

**1.2%**

**Annualised OCR**

Ongoing Charge is a ratio of annualised ongoing charges expressed as a percentage of average net asset value throughout the period



# STATEMENT OF COMPREHENSIVE INCOME – PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

	6-month period to	6-month period to
£'m	30 June 2023	30 June 2022
Unrealised fair value gain on financial assets	(81.5)	30.0
Distributions from investments	29.6	1.4
<b>Total Income</b>	<b>(51.9)</b>	<b>31.4</b>
Acquisition expenses	-	-
Operating expenses	5.5	4.0
<b>Total expenses</b>	<b>5.5</b>	<b>4.0</b>
<b>Net (loss) / profit before taxation</b>	<b>(57.4)</b>	<b>27.4</b>
Taxation	-	-
<b>Net (loss) / profit after taxation</b>	<b>(57.4)</b>	<b>27.4</b>
<b>(Loss) / Earnings per share</b>	<b>(6.63p)</b>	<b>3.43p</b>

**£82m**

## FAIR VALUE LOSS ON INVESTMENTS

Value loss mainly driven by adverse FX movements

**1.2%**

## ONGOING CHARGES RATIO

Annualised operating costs as a % of average NAV during the period



## STATEMENT OF FINANCIAL POSITION – 30 JUNE 2023

£'m	30 June 2023	31 December 2022
Investments at fair value through profit & loss	839.5	921.0
Trade and other receivables	0.7	1.4
Cash and cash equivalents	29.5	30.0
<b>Total assets</b>	<b>869.7</b>	<b>952.4</b>
Current liabilities	(3.4)	(2.8)
<b>Net asset value</b>	<b>866.3</b>	<b>949.6</b>
<b>IFRS Net asset value per share</b>	<b>100.13</b>	<b>109.76</b>

**£839.5m**

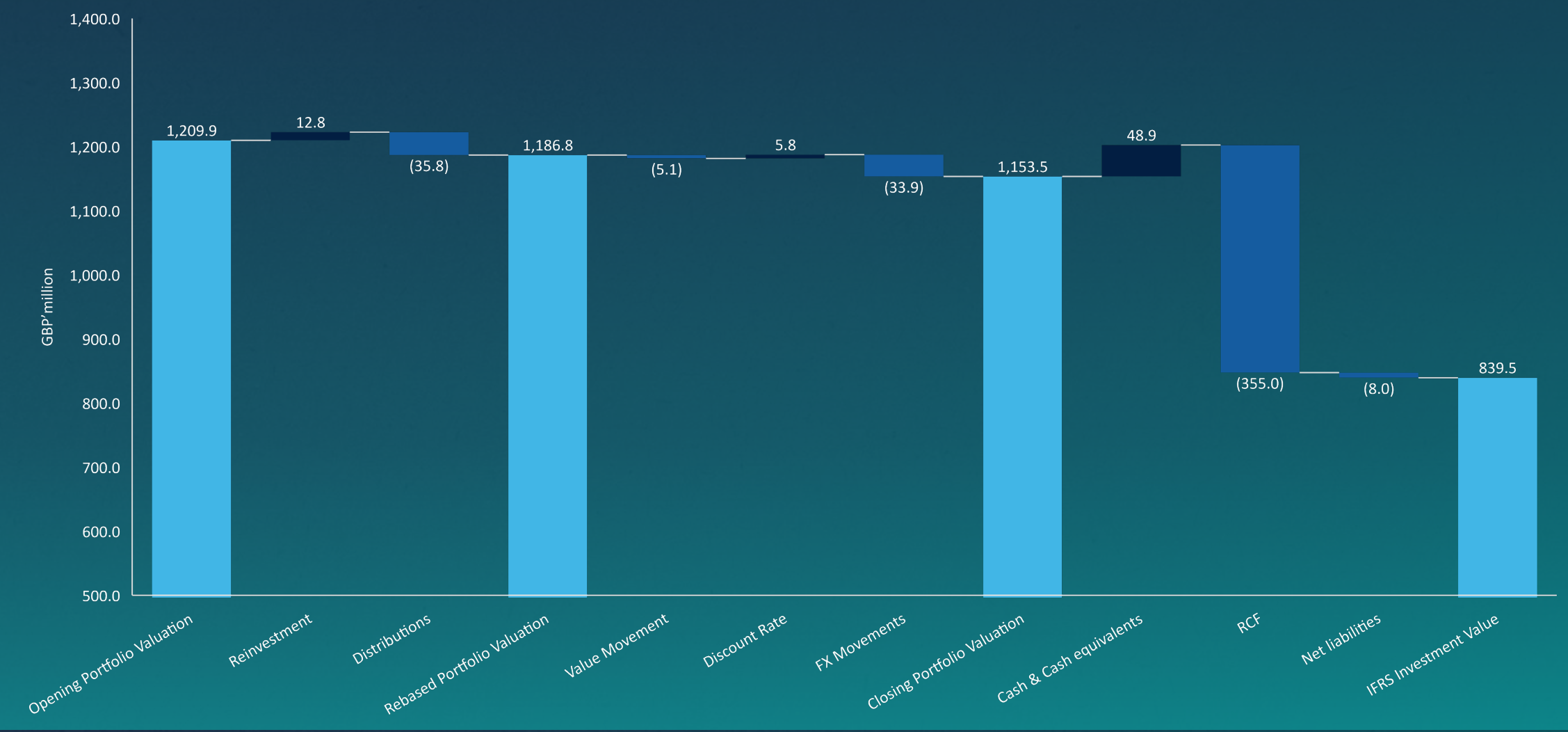
**Investments held at fair value  
(8.9% fall since December 22)**

**100.13p**

**IFRS Net Asset Value**  
**A decrease of 8.8% since Dec 22 as a result of fair value loss on  
investments, dividends paid & expenses incurred**

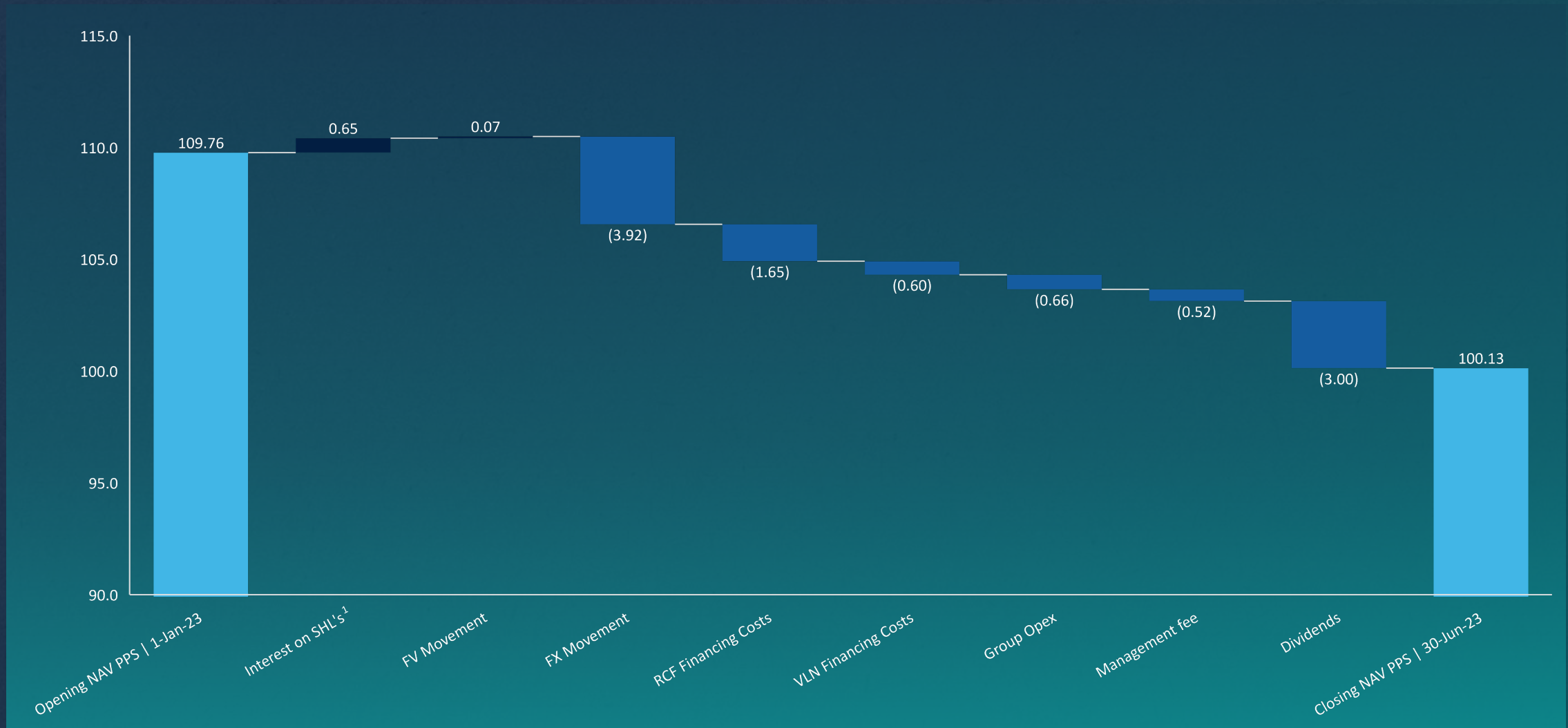


# PORTFOLIO VALUATION BRIDGE AND IFRS VALUATION RECONCILIATION





## 8.8% DECREASE IN NAV PER SHARE DRIVEN BY FX, FINANCING COSTS AND DIVIDENDS



<sup>1</sup>Shareholder Loans

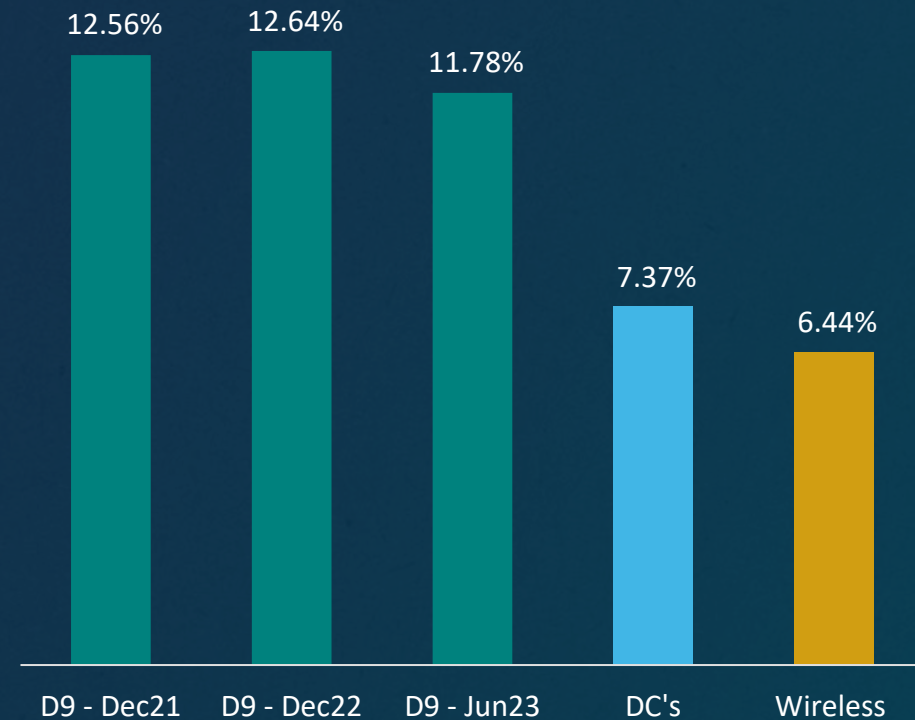


# SLIGHT DECREASE IN COST OF EQUITY DESPITE ACQUISITION OF ARQIVA AT LOWER COST OF CAPITAL

Weighted average cost of equity shows a decrease from 12.64% (Dec-22) to 11.78% – key components:

- ▶ Risk premia have increased
  - Proxies for risk free rates, such as the UK 10-year bond yield have increased from 1.0% to 4.0%, as Central Banks increased interest rates to combat inflation
  - The equity risk premium has increased as markets become more volatile
- ▶ However, this was offset by the following factors:
  - Adoption of a static discount rate consistent across the period of cashflows assessed
  - Reductions in the company size premium component as companies mature towards their terminal period for Aqua Comms, Verne Global London and Elio Networks

## Weighted average cost of equity and comparables<sup>1</sup>



<sup>1</sup>DC peers: Digital Realty, Equinix, Iron Mountain, Keppel DC, Next DC; Wireless peers: American Towers, Cellnex, Crown Castle, INWIT, SBA, Vantage Towers. Source: S&P Global CapIQ.



## CASH AND FUND-LEVEL FINANCING

**£78 million of cash on a consolidated basis, with £18.8 million remaining undrawn of the £375 million RCF**

### Leverage

- D9's aggregate level of borrowings is expected to be no more than a maximum of 50% of Adjusted Gross Asset Value
- The £40m shareholder loan repayment to D9 from Verne Global resulted in a 0.1x reduction in the Company's Net Debt / EBITDA ratio, and is partly offset by the further drawdowns on the RCF in Q1 2023
- On an adjusted look through basis, the ratio will increase by 0.5x from 5.7x to 6.2x
- The Board and the Investment Manager continue to evaluate other complementary sources of growth capital to reduce the Group's leverage position and support the significant growth capital expenditure pipeline of the Investee Companies. An update on these processes will follow their completion

### Net Debt / EBITDA

Drawn RCF	363.7
VLN	169.8
Cash & cash equivalents (inc restricted)	(78.3)
<b>Net debt</b>	<b>455.2</b>
Annualised Portfolio EBITDA	211.9
<b>Net debt / EBITDA</b>	<b>2.1x</b>
Arqiva & Verne Global debt	848.3
<b>Adjusted net debt / EBITDA</b>	<b>6.2x</b>

### Leverage as a % of Adjusted GAV

Drawn RCF	29.2%
<b>Total RCF (excluding accordion) (£375 million)</b>	<b>30.1%</b>
<b>RCF &amp; VLN (£375 million &amp; £169.8million)</b>	<b>43.8%</b>



# Portfolio Review





## Portfolio expansion

Deployed significant capital through 5 new acquisitions

## Portfolio integration

Integrated Ficolo Oy and Volta under the Verne Global umbrella

## Portfolio resourcing

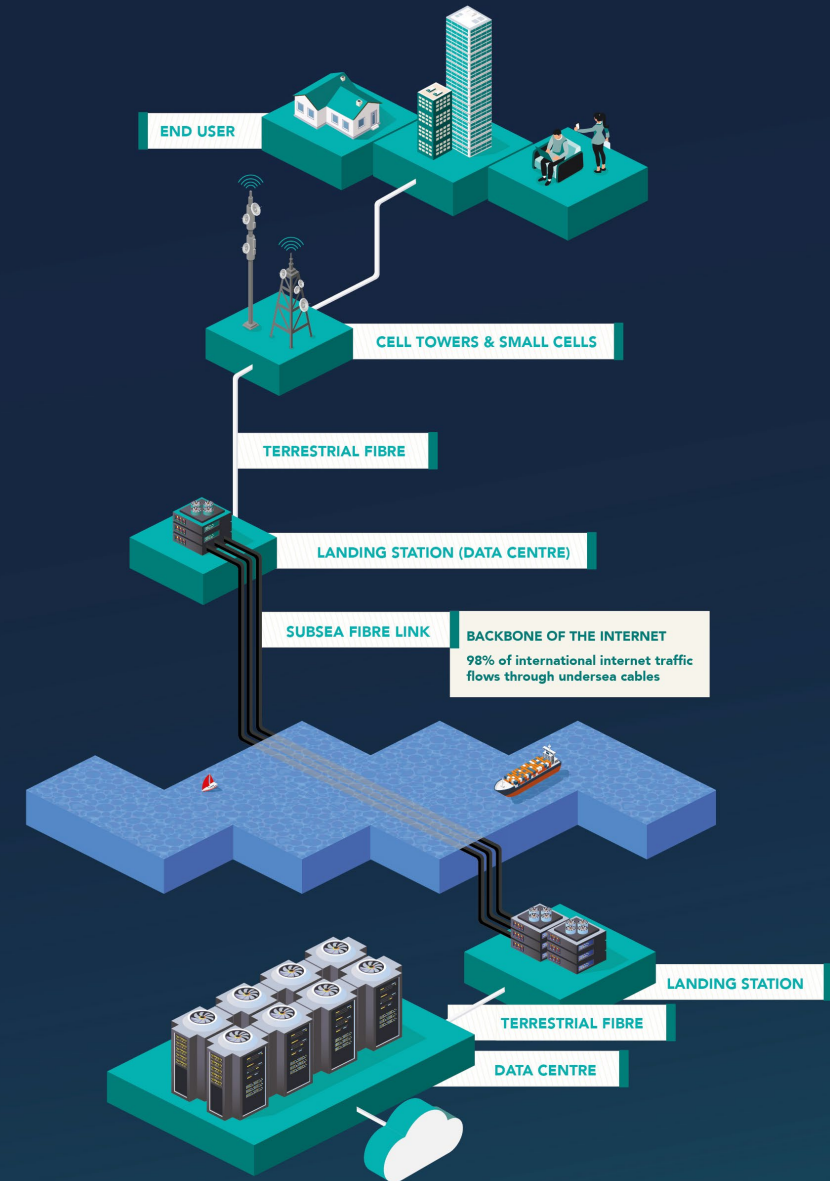
Completed key senior hires and optimised sector experience across the portfolio

## Portfolio planning

Hands-on involvement in 5 year business plan re-forecasting

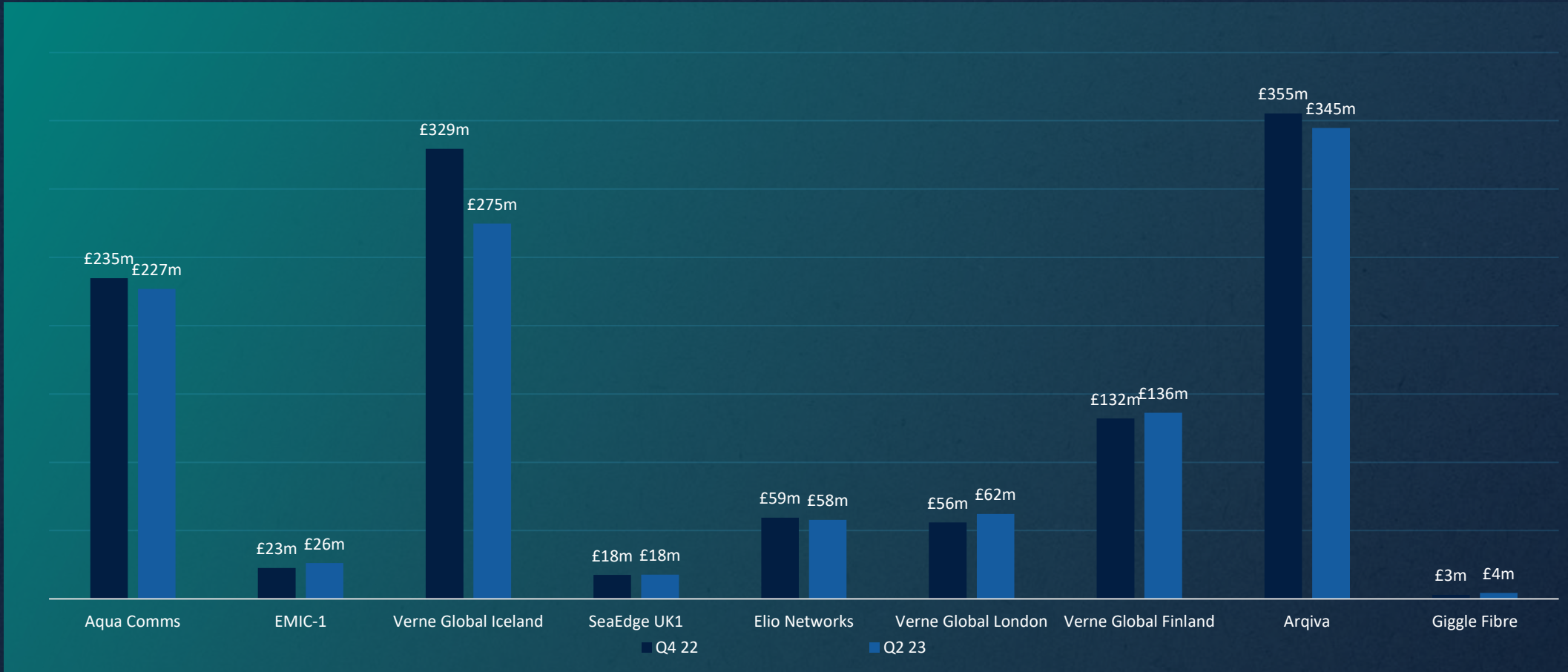
## Portfolio funding

Continued capex funding across the portfolio





# IFRS VALUATION BY ASSET: Dec 22 to Jun 23





Providing the backbone to the internet in the Northern Hemisphere and Asia

**£253m**  
Valuation

## Business Update



- In December 2022, appointed Jim Fagan as CEO (25 years' experience spanning Global Cloud Xchange, Rackspace and Pacnet).
- In August 2023 launched the AEC-3 system, providing up to 20TB of additional capacity from Boston to Bordeaux.
- Managing the development of the EMIC-1 cable system connecting Europe, the Middle East and India, expected to RFS in 2025.

## Financial Highlights



6-month period to June 2023	% growth y-o-y
Revenue	3%
EBITDA	(36%)
Change in NAV since June 2022	12%



Shifting energy-intensive, latency-insensitive data sets to geographies with low-cost green power  
Providing critical interconnectivity and low-latency solutions in dense urban centres

£491m  
Valuation

Business Update



- Following the 2022 additions of Ficolo Oy and Volta Data Centres to D9’s data centre platform, the facilities were united under the Verne Global brand
- The expansion builds on the key premise that it is more sustainable and affordable to export data than power
- The five-year capital expenditure pipeline for the platform has been increased to £610m in response to high customer demand
- This will fund expansion at the Iceland campus from the current 40MW in operation or development to a total of 94MW, and at the Finland sites expansion from 7MW to 17MW. Verne Global London expects to complete development to 6MW by the end of 2023
- As of June 2023, the Company had funded c.£50m<sup>1</sup> of capital expenditure in Verne Global Iceland since the £231m acquisition in September 2021

Financial Highlights



6-month period to June 2023	% growth y-o-y
Revenue	13%
EBITDA	99%
Change in NAV since June 2022	8% <sup>(2)</sup>

<sup>1</sup>The Company has contributed a total of £50m into Verne Global Iceland since acquisition by way of Shareholder loans. During the period Verne Global Iceland repaid £39 million of this loan. <sup>2</sup>Change in NAV since acquisition for Verne Global Finland



Providing reliable internet to Dublin’s underserved high-end business broadband market

**£58m**  
Valuation

### Business Update



- Leading enterprise broadband provider in Greater Dublin, 100% owned by D9
- Re-branded as “Elio Networks” in February 2023 (previously Host Ireland)
- Owns and operates the highest-capacity FWA network with >50 base stations
- High quality, wireless broadband (up to 2 Gbps, non-contended symmetrical)
- Growth platform for further geographical expansion in FWA – launched in Cork in February 2023 and preparing to build out the third city Limerick

### Financial Highlights



6-month period to June 2023	% growth y-o-y
Revenue	6%
EBITDA	11%
Change in NAV since June 2022	14%



The only UK provider of national TV and Radio broadcasting  
A leading Internet of Things (IoT) platform

**£345m**  
Valuation

**Business Update**



- Critical national broadcasting infrastructure underpinned by index-linked long-term contracts with blue-chip customers
- Current high inflation impacts Arqiva’s cash flows in the short-to-medium term due to accretion payments on inflation-linked swaps. However, this is mitigated long-term by positive revenue impact, which drives NAV growth
- An inflation collar was implemented in June, which fixes inflation between 2.5% and 6.0% for the remaining life of the swaps, which are due to expire in 2027. This presents some downside risk if inflation drops below 2.5%, but protects Arqiva against large future accretion payments if inflation drops slower than anticipated
- £262m of senior debt was refinanced in late June / early July with a £250m UK bond and a £95m US private placement. The net increase in debt maintains leverage at an appropriate level following £45m of senior debt amortisations over the previous 12 months, as well as the £175m junior debt deleveraging in Q3 2022
- For the period to June 2023, £7m of interest was payable on the vendor loan note used to finance the Arqiva transaction. D9 elected to accrue this interest rather than pay in cash, bringing the total balance to £170m

**Financial Highlights**



6-month period to June 2023	% growth y-o-y
Revenue	11%
EBITDA	4%
Change in NAV since acquisition	15%

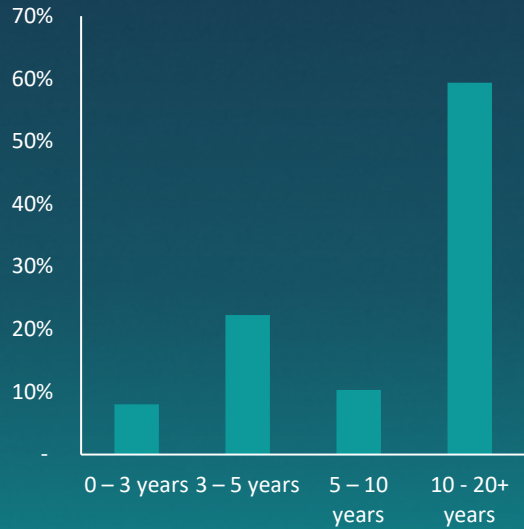
<sup>1</sup>D9 pro rata. Fully funded by Arqiva’s cash flows.



### Long-term, recurring, contracted and largely inflation-protected revenue base in major currencies

## 7.1 years

Weighted average remaining contract term



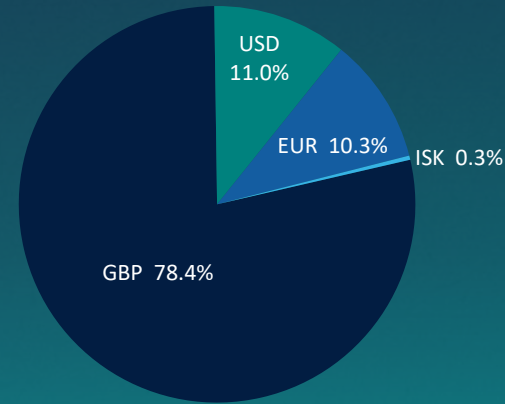
## 66%

Recurring revenues with some form of inflation protection



## Over 99%

Exposure to major currencies<sup>1</sup>



## £106m

Portfolio EBITDA (ex. IaaS<sup>2</sup>)

## £116m

Portfolio run-rate<sup>3</sup> EBITDA (ex. IaaS<sup>2</sup>)

£m	Run-rate EBITDA
Wireless networks	93
Data centres	18
Subsea fibre	5
Terrestrial fibre	0
<b>Total</b>	<b>116</b>

<sup>1</sup>Based on contract value of recurring revenue at 31 December 2022 <sup>2</sup>For accounting purposes, infrastructure as a service (IaaS) costs are passed through below EBITDA, so to provide a more prudent measure of Verne's performance the Company now presents EBITDA excluding IaaS revenues. <sup>3</sup>Represents HY 2023 reported EBITDA for subsea and wireless and 6 month run-rate EBITDA as at 30 June 2023 for data centres; Arqiva IFRS-16 adjustment is estimated.



Outlook





## KEY TAKEAWAYS AND STRATEGIC PRIORITIES

### Key takeaways

Sustained, strong performance, in line with our expectations

NAV decline largely driven by adverse FX movements

Attractive growth opportunities ahead, reflected in the £222m capex pipeline for 2023

H1 2023 OCF impacted by accretion payments at Arqiva

Forecast OCF materially unchanged save for EMIC-1 launch

### Strategic priorities for H2 2023

Clear path to deleveraging

Initiatives to support funding of capital requirements

Continuous optimisation of portfolio



# Q&A SESSION



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