

European provider of bandwidth infrastructure **acquires Belgian dark fiber network**

DEAL FLASH | TMT | JUNE 2023

DEAL SNAPSHOT

Engie Electrabel has sold its dark fiber activity to euNetworks.

Engie Electrabel's dark fiber activity comprises 1,660 km of dark fiber underground network, co-owned by utility companies and Engie Electrabel. Their products include a duct-based network covering approximately 89% of Belgian long-haul routes, close to 13 data centers and more than 2,500 towers. The network is transferred with in-place commercial and operational contracts.

Headquartered in the UK, euNetworks is a leading data center and cloud connectivity provider in Western Europe, which owns and operates dense fiber long-haul and metro networks in 17 countries. The addition of Engie Electrabel's dark fiber network is highly complementary to euNetworks' strategy. euNetworks focuses on delivering high-bandwidth fiber connectivity between and within European cities. The group continues to invest in its network by building unique routes, adding multiple diverse paths and extending its reach into key hyperscale data center sites and clusters, and network aggregation points. These investments fuel the group's growth and drive the capacity requirements of euNetworks' customers.

"We worked with Oaklins because we believed that their team, with relevant TMT sector expertise, was best positioned to advise us on this transaction. Oaklins has proven to be a trusted partner, offering an excellent service tailored to our needs. They delivered practical advice at critical moments, and their process management was instrumental in providing us comfort and support."

YVES LACOMBLE
SENIOR M&A ADVISOR
ENGIE ELECTRABEL
BELGIUM

OAKLINS ASSISTED IN **FINDING A SUITABLE PARTNER**

Oaklins' team in Belgium acted as the exclusive M&A advisor to Engie Electrabel. Leveraging its deep expertise in TMT and a comprehensive preparation process enabled the team to position Engie Electrabel's fiber activity as a unique asset in the dark fiber infrastructure, with great upside potential.



MARKET TRENDS & DEAL DRIVERS

The Belgian wholesale dark fiber market is expected to grow at a compound annual growth rate (CAGR) of 9% by 2030, from US\$75 million in 2023 to US\$140 million in 2030. This growth is expected to be driven by demand from end-customers downstream of the fiber network (telecom spend, bandwidth consumption, fiber-based product spend and MNO towers), and the government promoting higher fiber penetration and adoption across Belgium.

The Belgian dark fiber FTTS (fiber to the site) segment is expected to outpace the wholesale long-haul segment, coming to represent 60% of the market by 2030 and driven by competition among MNOs and new towerco entrant, 5G infrastructure deployments and government plans to accelerate fiberization.

Engie Electrabel's sale process was competitive, with many interested parties. The Engie Electrabel dark fiber network is essentially focused on long-haul, but can also address B2B access, DC to DC, and FTTS use cases. For euNetworks, this added reach in Belgium will complement its in-place network in the FLAP region.

M&A VALUATION ASPECTS

Financial details of the transaction are confidential.

The value significantly exceeded the shareholders' expectations and was in the upper range of current market multiples. Multiples and the appeal of the asset were primarily driven by the asset's scarcity, the nature of the contracts, the upside capacity potential and the top-notch coverage of the network along long-haul routes in Belgium.

TALK TO OUR ADVISORS



✉ **MICHAËL RIXHON**

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Michaël has several years' experience in sell-side and buy-side deals. Recent transactions he has advised on include the sales of Pixelixir to NSI/Cegeka, Beconnect to Intracto Group, iU by Multipharma to private investors, Silversquare to Befimmo, Euresa-Life to AFI ESCA; and the acquisition of HCI by Veolia.



✉ **PIETER VANHOUDT**

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Pieter has three years' experience in sell-side and buy-side M&A deals. Notable transactions he has advised on include the sale of Mobile Vikings to Proximus; the sale of Sitra to Creafund; the public demerger of CFE and DEME; and the public takeover bid of Resilux by Quva.

"This deal shows how a competitive auction process, on the back of thorough pre-marketing to identify the right parties, is crucial to a value creating deal. We are happy to see that, once again, a compelling TMT transaction has been successfully closed."

MICHAËL RIXHON
ASSOCIATE DIRECTOR, OAKLINS, BELGIUM

OAKLINS HAS CLOSED 1,126 DEALS IN TMT

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