



PROJECT FINANCE INTERNATIONAL

Thomson Reuters

## Deutsche Glasfaser refinances broadband debt

PFI Issue 618 - February 7, 2018

German broadband group **Deutsche Glasfaser** has refinanced its debt and raised new funding to back its fibre-optic roll-out across rural areas.

The company owned by **KKR** and Dutch fibre company **Reggeborgh** replaced €230m of existing debt raised in 2015, including a €225m term loan and a €5m revolver, with a new debt facility of €650m with 10 lenders.

The new term loan was provided by existing lenders ABN AMRO, HSH Nordbank, ING, KfW IPEX, NIBC and Societe Generale, plus new lenders BNP Paribas, Kommunalkredit, Raiffeisen Bank International, and SEB. Clifford Chance advised Deutsche Glasfaser on the deal.

The bullet facility's tenor was above five years and pricing, although undisclosed, was lower than on the €225m financing of 2015, when KKR bought a majority stake in the business from Dutch fibre company Reggeborgh.

"The terms of the new debt financing are better than the previous loans," Deutsche Glasfaser's CEO Uwe Nickl told PFI. "The reasons are twofold. We took advantage of the better conditions in the external market for debt financing, and banks now have a better understanding of our business and plans."

The company plans to invest €1.5bn to expand its rural broadband network to reach 1m households and companies over the next years. Its Fiber to the Home (FTTH) already reaches 180,000 customers in almost all of Germany's states and is expected to increase to more than 200,000 in the first quarter.

Deutsche Glasfaser says it has already grown into the largest broadband group by market penetration, having signed contracts with more customers than Deutsche Telekom, even though its network still reaches fewer buildings than the incumbent telecoms group. The company is hoping to reach 500,000 connections by the end of the year.

"We plan to expand our network, investing the equity and debt financing available to us to reach the milestone of €1bn by the end of 2019," said Nickl. "After that, we plan to increase our debt and equity funding towards our further goal to reach €1.5bn of investment."