

TowerXchange who's who: International debt providers to towercos



Banks and DFIs with an appetite to invest in telecom towers outside of North America



TowerXchange has encountered a relatively shallow pool of financial institutions with a track record of investment in the telecom tower industry outside North America. Securing debt at reasonable interest rates, particularly in markets with perceived medium to high levels of country risk, remains one of the principle inhibitors to international tower industry growth. In this feature, TowerXchange present a simple list of the institutions we recognise as having provided or arranged international debt for the tower industry, plus part one of a matrix defining those institutions' appetite for towers – and the contacts towercos and their advisors need to accelerate the process.

Keywords: Africa, Americas, Asia, Asian Development Bank, BAML, Barclays, Investors, Investment, Bankability, Country Risk, Debt Finance, Project Finance, Middle East, Europe, BNP Paribas, Credit Suisse, DEG, FMO, Goldman Sachs, HSBC, IFC, ING Bank, JP Morgan, KFW, Macquarie, Morgan Stanley, Nomura, OPIC, Societe Generale, Standard Bank, Standard Chartered, Sumitomo Mitsui Banking Corporation, UBS, United Overseas Bank, Who's Who

Read this article to learn:

- Which institutions have an appetite to provide capital to telecom towercos?
- How does their appetite for country risk compare?
- What is the minimum cheque size or tower count they are typically interested in?
- Who should you contact to find out more?

“How do I scale from 100 towers to 1,000 when the loan I need is greater than the National banks in my country will provide?” Asked one towerco CEO.

“It's tough to compete with publicly listed towercos with their low cost of capital when we can't get bank debt at interest rates less than in the teens,” said another.

Accessing affordable debt is a critical challenge for small to medium sized towercos.

Over the next few editions of TowerXchange, we intend to build out this special feature into a comprehensive who's who of banks and DFIs with experience of financing towercos outside of the U.S. including a brief profile of selected institutions' appetite for and track record in towers plus, crucially, the contacts you need if you want to approach that institution for a loan.

If you represent a financial institution which should be included in the TowerXchange who's who but isn't, please email Kieron Osmotherly at kosmotherly@towerxchange.com. And if you're a towerco seeking affordable debt – feel free to drop me a line too!

TowerXchange is not an advisory firm, we do not intend this article to be 'advice' and you should undertake your own research – this is simply an anecdotal summary of some of our known contacts in this segment of the ecosystem ■

The appetite and experience of potential debt providers... and the contacts you need!

Source: TowerXchange

Institution	To which continents has your company provided credit to towercos and which other continents would you consider providing credit?	How would describe your appetite to provide credit in markets with perceived higher country risk?	If permitted, can you name some of the towercos you have worked with?	Can you give us an idea of the minimum scale of a towerco venture you would consider financing, in terms of minimum approximate tower count?	Who should towerco business leaders contact at your company if they are interested in raising debt?
Goldman Sachs	Goldman Sachs has provided debt and/or equity in tower companies in North America, Latin America, Asia, and Africa. We are actively pursuing opportunities to lend and invest in each of the major continents.	Given our extensive experience lending and investing in the tower sector, and our worldwide market presence, we are open to evaluating opportunities in countries with varying risk profiles.	We are unable to identify specific companies that we have worked with; however, our experience lending to and investing in the sector has included over 20 different tower companies in the last ten years, totaling over US\$2bn in aggregate (loans and investments), with individual transaction sizes as low as US\$15mn.	We often initiate discussions with tower companies that have as few as 20 towers and as little as US\$1mn of run rate tower cash flow. We are able to finance tower growth driven by acquisitions and/or development.	For North America and CALA: Ryan Flanagan; ryan.flanagan@gs.com For Europe and Africa: Greg Olafson; greg.olafson@gs.com For Asia: David Chou; david.t.chou@gs.com or Willie Wong; willie.wong@gs.com
IFC	To date, IFC has invested in towers in Africa, Indonesia, Russia, Central and South America.	We are increasingly geared toward frontier markets, or underserved markets, and this pushes our institutions into riskier markets and more longer term risk in financing structures.	IFC has invested in BTS Towers, Continental Towers, Eaton Uganda, Helios Towers Africa, Helios Towers Nigeria, IHS, Protelindo and Russian Towers.	There are no formal lower limits to the size of IFC's investments. For equity investments, we prefer to invest at least US\$10mn, although we have made smaller initial investments that have considerable scope for expansion. For debt investments we prefer cheque size to be at least US\$15mn.	Eric Crabtree has a global remit for towers and can be contacted at ecrabtree@ifc.org .

Institution	To which continents has your company provided credit to towercos and which other continents would you consider providing credit?	How would describe your appetite to provide credit in markets with perceived higher country risk?	If permitted, can you name some of the towercos you have worked with?	Can you give us an idea of the minimum scale of a towerco venture you would consider financing, in terms of minimum approximate tower count?	Who should towerco business leaders contact at your company if they are interested in raising debt?
ING	ING is active in and has provided credit to towercos across Asia, Europe, Africa and North America.	For markets with perceived higher country risk, we have a selective approach. For example, in Myanmar, it would a case by case evaluation with a focus on the strength of the MLAs and the business case. In Africa also we have a selective approach, focusing on the larger and more stable telecom markets together with the leading towercos.	Would not like to mention names, but have worked with leading towercos in markets like Indonesia, India, Australia, Myanmar, France, Italy, Spain, The Netherlands, UK, Nigeria, US/Canada and Latin America.	Nothing prescriptive, but generally speaking about 1,000 towers or more is preferable in terms of scale.	For Asia: Ranesh Verma / Krishna Suryanarayanan Ranesh.verma@asia.ing.com / krishna.suryanarayanan@asia.ing.com For EMEA: Stefan Piotrowsky Stefan.piotrowsky@ing.com For: North America / CALA: Stephen Nettle / Chris Moon Stephen.nettler@ing.com / chris.moon@ing.com
Standard Bank	Historically we have provided financing in the emerging markets generally, but we currently only fund projects in Sub-Saharan Africa.	It depends on the market – within SSA we have presence in 20 markets as Standard Bank and these are the ones we have the highest appetite for.	All of the major towercos active in Africa; IHS, Helios Towers Africa, Eaton Towers and American Tower. We have been the most active financier of tower projects in Africa.	We probably would not consider a project value less than US\$20mn or so and generally prefer situations where there is scope for further financing in future.	Contact Nina Triantis in the first instance: nina.triantis@standardbank.com

Banks and DFIs potentially interested providing or arranging finance for towers

Source: TowerXchange

Asian Development Bank	FMO	KFW	Standard Bank
BAML	Goldman Sachs	Macquarie	Standard Chartered
Barclays	HSBC	Morgan Stanley	Sumitomo Mitsui Banking Corporation
BNP Paribas	IFC	Nomura	UBS
Credit Suisse	ING Bank	OPIC	United Overseas Bank
DEG	JP Morgan	Societe Generale	