

Digital Bridge Raises US\$230m with Eye on LATAM Telecoms Growth

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March 24, 2017 - Telecom Finance - US-based communications infrastructure investment firm **Digital Bridge** has raised US\$230m for **Andean Tower Partners** (ATP) to support growth in Latin America's tower business.

Digital Bridge aims to capitalise on the relatively low smartphone penetration and slow-growth for LTE and 4G networks in Latin America, where tower development has lagged the US by around five years.

Boca Raton, Florida-based ATP operates passive telecoms infrastructure in Colombia and Peru, with plans to expand into the Andean Region. The company enables mobile connectivity through towers, rooftops, small cells, and distributed antenna systems.

Ben Jenkins, Digital Bridge's chair, told TelecomFinance there is a "great opportunity" for third-party infrastructure providers in countries such as Colombia and Peru.

"There is an opportunity to use some of the same techniques, systems and skill sets that we've developed in the US," he said.

"We think by bringing those learnings from the US, that we have a chance to create best in class infrastructure solutions providers in those markets."

The Olayan Group, Equity International, and TC Latin America Partners recently contributed a combined US\$150m in funds for ATP.

The investment comes hot on the heels of Latin American telecoms infrastructure developer ISA's US\$80m commitment into ATP to aid in upgrading connectivity in Colombia and Peru.

ISA will jointly develop the project with Digital Bridge and hold a 48% stake in ATP.

Bernardo Vargas Gibsone, ISA's CEO, said: "The participation in this new business, complementary to the infrastructure developed and managed by ISA, is important for us, since it allows us to participate in an industry with strong growth potential, with the right partner who has as outstanding experience and know-how as Digital Bridge.

"At the same time, this will enable us to leverage our strategy in a profitable way."

Digital Bridge has raised more than US\$5.2bn of debt and equity to acquire and invest in the development of communications infrastructure businesses, including DataBank, ExteNet, Vertical Bridge, ATP, and Mexico Tower Partners.

Rivals vie for 4G LTE coverage and infrastructure across Latin America

Latin America's telecoms sector generally suffers from tight competition, muted growth, consumer-oriented regulation, and aggressive shareholder return policies.

Caribbean-focused telco Digicel had reportedly invested US\$450m in a five-year rollout of a 4G LTE network across El Salvador as the debt-strapped mobile operator contends with increasing competition in the country.

Digicel will vie for market share in high-speed data services against rivals such as Tigo El Salvador, controlled by Millicom International Cellular (OTCMKTS:MIICF), which recently said it would begin deploying the country's largest 4G LTE network to mark the start of a US\$1bn, four-year investment plan.

Esteban Iriarte, Millicom's regional COO, said: "21st-century economies will be digital and will need infrastructure that will bring content, devices, connectivity and innovation together across the region.

"We are about to switch the first of our LTE 4G antennae on and start delivering a unique digital experience across the best network."

Tigo El Salvador's move came hot on the heels of Movistar, which launched the nation's first 4G LTE service and expects to complete the rollout of its Ericsson-supplied network in April, according to local reports.

Meanwhile, rising mobile usage and demand for data in Central and South America has led infrastructure operators to boost investments in the region.

BTS Towers, which has sites in Peru, has raised more than US\$100m to construct telecoms masts throughout other Latin American markets.

Tatum Martin, BTS's CEO, said: "We see highly attractive opportunities to deploy mobile infrastructure assets in Peru, Colombia, Mexico, and throughout Central America."

He added that wireless infrastructure solutions benefit from rising mobile penetration and accelerating demand for data.

Also, Tower One Wireless Corp recently completed its acquisition of Tower Three SAS to increase its focus on 4G LTE infrastructure expansion in Colombia and will look to open other territories.