

Berkshire Partners enters agreement with Teraco Data Environments

Teraco Data Environments has announced that Berkshire Partners has entered into a definitive agreement to acquire a majority stake in the company. The Permira funds, an existing shareholder, will remain a significant investor.

Based in Johannesburg and established in 2008, Teraco is one of the largest providers of data centre services in Africa. The company offers vendor-neutral colocation and other related services in secure and resilient data centres. The Permira funds initially backed a Teraco management buyout in December 2014 and in that time the business has multiplied its capacity more than six times.

The company operates five high-quality facilities with 30MW of critical power load serving more than 450 clients, including global internet companies, across five core ecosystems – telecoms, managed service providers, content, enterprise and financial services. With more than 13,500 interconnects, Teraco's data centres are the most interconnected facilities in Africa, allowing clients to connect directly to each other, to the onramps of all major cloud providers, as well as to the continent's largest and fastest growing Internet Exchange Point, NAPAfrica.



Source: pixabay.com

The data centre market in Africa is poised for continued strong growth with increasing demand for global applications, content, and the accelerating adoption of cloud services. Teraco has built a strategic position to capture this regional opportunity as a trusted and secure partner with resilient data centre facilities built to international standards.

Jan Hnizdo, managing director of Teraco, said, “Berkshire Partners is a like-minded and committed long-term partner that shares our vision for the future: to continue to invest in world-class data centre facilities, allowing us to support the digital interconnected enterprise, and meeting the high standards of service that are expected from us. Over the next few years, we aim to double our installed critical power load from 30MW to 60MW and we look forward to working closely with Berkshire Partners on this ambitious growth journey.”

Larry Hamelsky, a managing director at Berkshire Partners, said, “We believe that Teraco is exceptionally well-positioned to capitalise on the fast growth of the Sub-Saharan data centre infrastructure market given its highly interconnected ecosystems, well-designed facilities, and ability to offer a wide array of deployments. We are thrilled to be partnering with Teraco’s talented management team to support the company’s continued success.”

“The past four years have been a transformational journey for Teraco, and we are very pleased to have played a role in growing the business, expanding its ecosystem, and delivering such strong results. We remain very committed to Teraco and the management team – something that is underscored by our funds’ continuing investment – and we are excited about bringing in a new partner to support further expansion. Continued secular demand driven by sub-Saharan Africa’s digital transformation, the early stages of outsourcing, and cloud penetration means that the future looks very positive for Teraco, and we look forward to supporting the team.” added Michail Zekkos, partner at Permira.



Lex Van Wyk, Chief Executive Officer of Teraco

Lex Van Wyk, chief executive officer of Teraco said: "Berkshire Partners has prior experience investing in data centres and appreciates the business that we have built. We are delighted to welcome them as our new majority shareholder. In addition, with the Permira funds staying on as a shareholder, there remains continuity in the shareholder base. It is business as usual for the employees and management team of Teraco, and more importantly, for our clients."

The transaction is subject to regulatory approval and the customary closing conditions and is expected to close in the first quarter of 2019.

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