Kepler | Trust Intelligence

Results analysis: Cordiant Digital Infrastructure

CORD's milestone results demonstrate how far the trust has come.

Update

27 November 2025

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- **Cordiant Digital Infrastructure (CORD) has released results for the half year ending 30/09/2025. The NAV total return for the six months was 10% based on the ex-dividend opening NAV, with NAV per share increase from 129.6p to 140p, an increase of 8%.**

- **Performance was positively affected by currency movements, as both Polish złoty and Czech koruna appreciated versus sterling. However, when removing the impact of currency, the portfolio still delivered a total return of 5.6% in the period, putting it ahead of its own 9% annualised total return target.**

- **Solid underlying revenue generation amongst the six portfolio companies supported performance, with revenue increasing by 7% on a constant currency, pro forma basis, and earnings (as measured by EBITDA) up 6.5%.**

- **All holdings contributed positively to performance in local currency terms, with returns largely driven by the two largest holdings, Emitel and CRA. Both companies met performance targets for the period, leading to a roll-forward of cash flows and an increase in both companies' valuations. CRA also benefitted from a reduction in its discount rate by an independent third-party valuer, which also increased the business' carrying value. As such, CRA was the top performer, adding c. 3.3p per share equivalent to c. 2.5% of the opening NAV, whilst Emitel added c. 2.8p per share, or 2.1% (excluding FX).**

- **SpeedFibre and Hudson Interxchange both contributed positively, also as a result of meeting operational targets, although Hudson saw a further increase in its WACC which offset some of this. DCU was also a positive as a result of the firm achieving strategic developments.**

- **SpeedFibre's acquisition of BT Ireland completed in the period, continuing to support portfolio diversification efforts. Fibre optic networks now make up 34% of the portfolio by revenue, digital TV infrastructure 30% and data centres 13%. During the period, work commenced on the construction of CRA's Prague Gateway data centre, however no future revenues have yet been recognised in the NAV.**

- **Gearing increased slightly from 40.3% on a GAV basis to 40.9% largely as a result of foreign exchange movements. At period end, the trust had cash balances of £84m, meaning a look through net gearing level of 69% of NAV. As well as the cash, the managers have access to a further £150m in undrawn facilities.**

- **The dividend was increased to 2.175p per share, in line with the target of 4.35p for the year and an increase of 3.6% over the same period last year. The managers use an adjusted fund from operations (AFFO) figure to show dividend cover, which has remained consistent at 1.7x.**

- **The discount ended the period at 30.4%, having narrowed by 2.5 percentage points. Whilst the share buyback programme remains ongoing, it was not utilised in the period. However, the investment manager and directors continued to buy shares, with the total shareholding increasing to 2.2%. This includes 13.8m shares, equivalent to 1.8%, owned by Cordiant's executive chairman Steven Marshall.**

- **Chairman Shonaid Jemmett-Page had a positive outlook, stating that the "underlying strengths of our business model, the resilience of our portfolio companies, and the structural growth in the sector, combined with the attractiveness of our core markets, give the Board confidence as we look ahead to the remainder of the financial year."**

Kepler View

These results mark an impressive milestone for **Cordiant Digital Infrastructure (CORD)** as the first time the NAV has crossed the £1bn threshold. Whilst this notional level won't have much of an effect on the day-to-day operation of the trust, we think it provides a good opportunity to reflect on the success of the strategy over the past few years. The managers have navigated several challenging headwinds since its launch in 2021 and exceeded their ambitious growth goals, whilst the trust still offers good potential from its portfolio of growth infrastructure assets.

Focusing on this half-year period in particular, the trust has continued to beat expectations, with a NAV total return of 10%, more than the 9% annualised goal the managers have for the trust. Since inception, the trust has now delivered 13% annualised total returns. The fact these near-term returns have effectively been achieved as a result of the portfolio companies hitting their operational targets is testament to the quality of the portfolio, in our view, as well as the managers' ability to generate growth from their assets.

Furthermore, we believe the latest changes in the portfolio offer reassurance. The managers have continued to diversify, helping mitigate one of the trust's previous key risks, whilst also improving the portfolios growth prospects. Speed Fibre's acquisition of BT Ireland makes fibre networks the largest asset class by revenue, and increasing the holding's upside revenue potential. Similarly, progress was made on CRA's Prague Gateway asset, a 26MW flagship data centre which is set to be a cornerstone of the EU's AI infrastructure system. Both assets are being prudently valued with limited future growth forecast, meaning there is considerable potential for valuation and revenue upside. In total, £38m was spent in the period on development which is a good example of the managers strategy of creating growth from the portfolio, which provides differentiation to the peer group.

When combining these attractive qualities with the trust's ongoing wide discount, we think CORD continues to be a compelling opportunity for long-term investors. Whilst it has narrowed slightly in the period since the date of the results, CORD's discount is still one of the widest in the AIC Infrastructure sector. We believe this potentially undervalues the growth potential of the portfolio, as well as the capability of the management team in extracting growth from the trust's assets.

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