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Cordiant Digital Infrastructure Ltd
20 June 2025

Cordiant Digital Infrastructure (CORD)

20/05/2025

Results analysis from Kepler Trust Intelligence

Cordiant Digital Infrastructure (CORD) has released its financial results for the year ending 31/03/2025. In this period, the NAV per share rose 7.9%, and the NAV total return was 11.6%, based on the ex-dividend opening NAV. The share price total return was 43.1%.

The NAV per share has now annualised at 11.6% since launch, with dividends reinvested, ahead of the 9% target set at IPO in 2021.

Performance was driven by strong earnings growth, as demonstrated by an EBITDA increase of 9.3%, with this largely attributable to two of the longest standing holdings. Emitel saw EBITDA growth of 13.3% largely as a result of new contract wins, and CRA saw growth of 10.2% with strong growth in the data centre business a notable contributor.

The increase in revenue has supported a hike in the dividend to 4.35p, up 3.6% on the previous year. This is the third dividend increase since IPO, and implies a yield of 4.5% based on the price before the results announcement. Dividend cover has increased from 1.6x to 1.7x on the managers' preferred adjusted funds from operations (AFFO) figure.

Kepler View

Cordiant Digital Infrastructure (CORD) has again delivered a strong set of numbers, demonstrating the strengths of the underlying portfolio and their structural drivers. Performance has primarily come from the portfolio's two key assets, Emitel and CRA, which have shown double-digit earnings growth, contributing to a valuation uplift. This has been supported by new business wins and the growth in the data centre business. This not only demonstrates the benefits of having a high-quality customer base, with a high percentage of inflation-linked contracts, but also the benefits of seeking further diversification into the likes of data centres as they see increased demand such as from AI. We believe this result is a testament to the managers buy, build and grow approach, as they have continued to develop the portfolio despite the constraints the past couple of years have put on them as the higher interest rate environment limited some routes to expansion.

Performance is now substantially ahead of the trust's 9% IPO goal, with an annualised return of 11.6% with dividends reinvested. Over the long-term, this would be more typical of an equity-like return, therefore by achieving this with a portfolio of real assets, we believe the management team have demonstrated their own skill and the attractions of an investment in this space.

However, this success is arguably not being reflected in the current discount which stands at over 22%, just before the publication of the results. Whilst this has narrowed notably since the beginning of the financial year, following excellent share price returns over the period, we still believe the current discount is more a reflection of weak investor sentiment towards the market more generally, rather than any specific issue with the operational performance of CORD. As such, the current discount could still prove a compelling entry point for long-term investors, in our opinion.

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