The Virgin Islands Consortium

P.S.C. Approves Sale Of Innovative To ATN International, Known In Territory As Choice Communications

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Ernice Gilbert June 28, 2016

ST. CROIX -- The Public Services Commission this afternoon approved the sale of Innovative Communications to Atlantic Tele-Network International (ATN International), which operates in the territory as Choice Communications, from current owner National Rural Utilities Cooperative Finance Corporation (C.F.C.), moving the deal -- announced on October 1 -- closer to completion.

The vote to approve was unanimous, with all commissioners present -- Johann Clendenin, Raymond Williams, Andrew Rutnik and David Hughes -- voting in the affirmative.

ATN International is a publicly-traded company that is headquartered in Beverly, Massachusetts. It provides telecommunications services to rural, niche and other underserved markets and geographies in the United States, Bermuda and the Caribbean. It also owns and operates solar power systems in select locations in the United States.

The company said it would purchase Innovative Communications -- including its cable TV, Internet and landline services operating primarily in the U.S. Virgin Islands -- for approximately $145 million, subject to certain purchase price adjustments, with $85 million payable in cash and the option to finance the remaining $60 million of the purchase price with a loan from an affiliate of C.F.C., the Rural Telephone Finance Cooperative.

With the purchase, ATN International's current operations in the U.S. Virgin Islands under the “Choice” name will be combined with Innovative to deliver residential and business subscribers a full range of telecommunications and media services, ATN International said in October. Subject to customary closing terms and conditions, the company had expected to complete the transaction by mid-2016, and is well on its way to achieving that goal.

“This transaction is aligned with our strategy of building out our service offerings in geographies where we see the potential to create long term value,” said ATN Chief Executive Officer, Michael Prior. “ATN’s Choice subsidiary has been providing a variety of telecommunications services in the U.S. Virgin Islands for the past 16 years, and it is a market we know well. With this acquisition, we will have a strong foundation for delivering a high quality, comprehensive range of residential and business services.”

He continued: “While CFC has made substantial investments and improvements in Innovative since taking ownership, the company has been operating at a loss for a number of years. Our goal is to use our deep local roots, significant investment capability and decades of telecom operating experience to deliver services to customers at a great value and with a superior customer experience, and all of our employees will be completely focused on that mission. We embrace the challenge of continuing and expanding on CFC’s progress and returning this business to profitability.”

The Innovative group of companies were once owned by Jeffery Prosser, who lost the companies in bankruptcy to Rural Telephone Finance Cooperative in 2008.

ATN said last year it was also acquiring Innovative’s smaller cable TV operations in the British Virgin Islands and St. Maarten as part of the transaction.

Innovative’s company-wide operations had approximately $100 million in revenue during fiscal year 2015. ATN expects the combined company to have aggregate annual revenues of around $110 million and initial EBITDA margins between 20 percent and 25 percent for the first full year of operations (excluding one-time integration and transactional expenses).

Subject to an ongoing review of asset values and the application of purchase accounting, the company currently expects the transaction to be modestly accretive to net income for the first full year following close.