

## Grupo Red Eléctrica and Grupo Energía Bogotá jointly acquire Argo Energía to help boost the development of electricity networks in Brazil

- This business transaction represents a €382 million investment for the Red Eléctrica Group.
- With the acquisition of 50% of Argo Energía, the Red Eléctrica Group starts up its activity in Brazil, the main market in the Latin American electricity transmission sector.
- As a result of the acquisition, both companies will now manage three electricity transmission concession contracts for a period of 30 years; said contracts encompass a total 1,460 km of high voltage circuit (500 kV and 230 kV) and 11 substations.
- The agreement represents the first step for a long-term alliance and for the joint development of electricity transmission projects in Brazil.

**Madrid, 22 November 2019**

The Red Eléctrica Group, through its international subsidiary (Red Eléctrica Internacional), and Grupo Energía Bogotá, have reached an agreement to jointly acquire, in equal shares, 100% of the shareholding of Argo Energía (Argo Energia Empreendimentos e Participações), a Brazilian company dedicated to the management and operation of high voltage transmission grid and that currently has a workforce of more than 100 employees. Until now, 100% of Argo Energía's shareholding was included in management funds owned and managed by Patria Investments and Temasek.

With the acquisition of 50% of this company, the Red Eléctrica Group commences its activity in Brazil and will co-manage three electricity concession contracts for a period of 30 years; said contracts encompass and entail the management of a total 1,460 km of high voltage circuit (500 kV and 230 kV) and 11 substations. 80% of the assets associated to the contracts were in operation in October this year.

This transaction, which represents an investment for the Red Eléctrica group which amounts of €382 million, is subject to compliance with the usual terms and conditions for this type of transaction, including, among others, the authorisation of the Brazilian regulator ANEEL and Brazil's Competition Authority, CADE. The revenues generated by Argo Energía amount to €190 million once the three concession contracts are fully operational.

With this transaction, the Red Eléctrica Group meet one of its objectives regarding international development as per that set out in their 2018-2022 Strategic Plan. This commitment began in July 2018 with the acquisition of assets in Chile and Peru, and now continues with the Group's expansion in Brazil.

In July 2018, the Group acquired 100% of the share capital of Centinela Transmission in Chile, which was owned by Minera Centinela, and which represented a total investment of €103 million. Said transaction brought with it the operation and management of transmission assets (including three 220 kV lines) in northern Chile -



Furthermore, in December 2018, an agreement was reached with Bow Power to acquire 100% of CCNCM, a company that had been awarded the concession contract for the management and operation of the 220kV Carhuaquero-Cajamarca Norte-Cáclic-Moyobamba electricity line, together with its associated substations, in the northern zone of Peru; said transaction amounted to €179 million.

It should be noted that as of 2018, the overall investment made in these three Latin American countries has totalled €664 million.

### **An alliance that sets the foundations for the Group's expansion in Brazil.**

This agreement is the first step for a long-term alliance and the joint development of electricity transmission projects in Brazil, one of the most economically developed countries in the continent.

Currently, Brazil is the main market in Latin America's electricity transmission sector, although it requires the need to significantly expand its current electricity grid; a project that will require an investment that shall allow the design and construction of approximately 55,000 km of new high-voltage electricity lines until 2028. The Red Eléctrica Group and Grupo Energía Bogotá, highly qualified transmission operators with extensive experience in the electricity transmission sector, have joined forces with the goal of analysing and developing new electricity transmission projects in Brazil.

The co-management of a network of electricity circuits made up of 1,460 km of electricity line in Brazil adds to the 1,686 km that the Red Eléctrica Group manages in Peru and the 1,729 km that it manages in Chile.

### **Information about the Red Eléctrica Group**

The Red Eléctrica Group, through its subsidiary Red Eléctrica Internacional, has been managing high voltage electricity infrastructure in Latin America for 20 years. In addition, the Group continues to carry out its activity in the telecommunications sector, mainly as a result of it currently being the main neutral operator of fibre optic infrastructure in Spain and one of the main satellite communications operators in the world.

~~In Spain,~~ Red Eléctrica de España has been the sole transmission agent and operator of the Spanish electricity system since 1985, managing more than 44,000 kilometres of lines, including international interconnections with France, Portugal and Morocco. The Company has become one of the key facilitators in the energy transition of the country, enabling the maximum level of integration of renewable energy into the electricity system and guaranteeing the quality and security of the electricity supply.

### **Information about Grupo Energía Bogotá**

With over 120 years of history, Grupo Energía Bogotá (GEB) is a reference in the generation, transmission and distribution of electricity and in the transmission and distribution of natural gas in Colombia, Peru, Brazil and Guatemala. In Colombia, it is the second largest electricity transmission operator; in natural gas transportation it manages and maintains more than 4,000 kilometres of gas pipelines through its TGI subsidiary and it is involved in the activities of electricity generation and distribution



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as well as that of gas distribution. In Peru it is the main operator of natural gas distribution and is a shareholder of the country's main electricity transmission operator and is also involved in electricity distribution in Peru. In Brazil, the Grupo Energía Bogotá is involved in electricity transmission through its subsidiary Gebbras. In Guatemala, it is a leader in the transmission of electricity.

### **Information about Patria**

Patria Investments is a leader in alternative asset management in Latin America. With more than 30 years' experience, it pioneered in private equity in Brazil and also became a reference in the area of Infrastructure, Real Estate and Credit investment. Currently, Patria has ten offices worldwide. Since 2010, Patria has been a key partner of Blackstone, a global leader in alternative investment.

### **Information about Temasek**

Temasek is an investment company with a portfolio totalling 231 million dollars as at 31 March 2019. Based in Singapore, Temasek has 11 offices worldwide.