

Redeia expands its influence in Brazil by taking equity stakes in five electricity transmission concessions through Argo Energía

Redeia agreed to acquire 100% of the shares for 815 million euros through Argo Energía and Grupo Energía Bogotá

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In addition to the 1,686 km it already controls in Peru and the 1,729 km it manages in Chile, Redeia will co-manage a grid of 4,125 km of lines in Brazil after the acquisition

Madrid, July 30, 2022

In a deal with the investment fund Brasil Energia, which is run by a subsidiary of Brookfield Asset Management Inc., Redeia, through Argo Energía and Grupo Energía Bogotá (GEB), would pay 815 million euros for 100% of the shares of five electricity transmission lines in Brazil. For Redeia, the transaction entails an investment of about 200 million euros (for its 50% stake in Argo Energía). Argo Energía will become one of the major transmission corporations in the South American nation with the fastest energy sector growth as a result of this acquisition.

Argo Energía is the firm that, as part of a long-term partnership for the development of high-voltage power facilities in Brazil, was bought by Redeia and Grupo Energía Bogotá in equal shares in 2019. Today, the company manages 1,743 km of 500 kV and 230 kV transmission lines, 13 fully operational substations, and has four concessions with 30-year terms. It also employs over 135 people.

The five concessions that have recently been purchased from Brasil Energia FIP are currently commercially operational and consist of 2,416 km of 500 kV and 230 kV transmission lines, 20 substations, and tariff revenues (RAP 2021/2022) of about €133 million. For 2022, an estimated €122 million in EBITDA is also expected. With this acquisition, Argo Energía will more than double in size and improve its position as a market leader, particularly in the northeast region of Brazil, which has some of the highest potential for renewable energy and the greatest need for infrastructure development in the country.

Argo Energía (62.5%) and Grupo Energía Bogotá (37.5%) will invest jointly in the acquisition, while Redeia and Grupo Energía Bogotá will create a co-governance model.

The transaction is part of the international investments considered in the investment objectives of Redeia's 2021-2025 Strategic Plan and is subject to compliance with the usual terms and conditions for this type of transaction, including the authorization of ANEEL and the Brazilian Competition Authority CADE, among others.

In addition to the 1,686 km it already controls in Peru and the 1,729 km it manages in Chile, Redeia will co-manage a grid of 4,159 km of lines in Brazil after the acquisition.

About Redeia

Redeia conducts its global business expansion through its subsidiary Redinter, which has over 20 years of experience managing electricity transmission grids in South America.

Since 1985, Redeia has operated the only transmission system (TSO) in Spain through its subsidiary, Red Eléctrica. This company owns more than 44,000 km of lines, including international interconnections with France, Morocco, and Portugal. Additionally, Redeia is one of the largest satellite operators in the world (Hispasat) and the primary neutral operator of fibre optic infrastructure in Spain (Reintel) through its many telecommunications companies.

Redinter has been operating in the southern region of Peru since 1999, where it manages 1,686 km of lines as the primary transmitter. It has been operating in Chile since 2016 and manages 1,729 km of lines.

About Grupo Energía Bogotá

Grupo Energía Bogotá (GEB), which has a more than 120-year history, is a preeminent commercial organization in Colombia, Peru, Brazil, and Guatemala for the generation, transmission, and distribution of electricity as well as for the transmission and distribution of natural gas. It is active in the electricity transmission sector of Colombia, where it ranks as the second-largest operator in the nation, as well as in natural gas transmission, where its subsidiary TGI is responsible for more than 4,000 kilometres of gas pipelines; electricity generation and distribution; and gas distribution. It participates in the main electricity transmission operator in Peru and is the primary distributor of natural gas. Likewise, it is also present in Peru in the electricity distribution business. Through its subsidiary Gebbras, it has a presence in the electricity transmission industry in Brazil. Besides, it is also the major electricity transmitter agent in Guatemala.