

Press Release
16/07/2021

TELEFÓNICA COLOMBIA AND KKR ANNOUNCE LEADING COMPANY FOR FTTH DEPLOYMENT

- The new company will bring fiber to the home (FTTH) to 4.3 million Passed Property Units (PDUs) in about 90 cities over the next three years.
- KKR will hold 60% and Telefónica 40% of the partnership, valued at US\$ 0.5 billion, which represents a multiple over proforma OIBDA of approximately 20 times and a value of US \$ 410 per PDU.

Bogotá, July 16th, 2021. Telefónica Colombia and the investment firm KKR announced an agreement to form a new company that will be responsible for implementing the most ambitious project for the deployment of fiber to the home (FTTH) network in Colombia, from which all operators in the market will be able to benefit.

The objective of the new company, leader in the country, will be to bring the advantages of fiber optic to nearly 90 cities in the country in the next three years, with a network that will cover 4.3 million Passed Property Units (PDUs), including all the relevant markets in the country.

The agreement establishes that the new company will be 60% owned by KKR and 40% by Telefónica Colombia. Telefónica will contribute its current FTTH infrastructure, which already reaches 50 cities and municipalities and which -at the end of the first quarter of 2021- covered 1.2 million homes.

On account of this transaction, which values the new company at US\$ 0.5 billion (approximately 20 times proforma OIBDA and US\$ 410 Enterprise Value per PDU), Telefónica Colombia will receive a payment of US \$0.2 billion and will be eligible for a performance-based consideration of up to US \$0.1 billion.

Telefónica Movistar Colombia currently has more than 380,000 customers using its fiber service with symmetrical speeds of up to 500 MB. This deployment has allowed the average speed of residential navigation in the municipalities where this technology is present to be much higher than in other locations.

These 4.3 million PDUs will contribute to the goal of the Government of Colombia of reach 70% of connected households and, above all, to improving the speed of connectivity in the country, which will help to advance the goal of eliminating inequalities in the digital transformation.

For Laura Abasolo, General Director of Finance, Control and Corporate Development of Telefónica S.A. and head of Telefónica Spanish-speaking Latin America, "this new announcement is another step in the path that the company has set out in the region to ensure profitable growth, crystallizing the value to its infrastructure and implementing innovative and agile business models that improve the return on invested capital".

Alfonso Gómez Palacio, CEO of Telefónica Spanish-speaking Latin America, explained that "the agreement with KKR will accelerate the deployment of fiber optic in Colombia at an unprecedented rate, in a market that has shown enormous potential in the last year. In addition, fiber will create opportunities for thousands of homes and businesses that see digitalization as an opportunity for development. This is one more step by our company to lead FTTH services in Latin America".

KKR is an investment firm with extensive experience in wholesale fiber optic business platforms in other countries, complementing Telefónica's own experience in fiber deployment and operation in the different countries where it is present.

Media Contacts

Telefónica Hispam
Dulce Jiménez
dulce.jimenez@telefonica.com

Telefónica Colombia
Melanie Bogotá
melanie.bogota@telefonica.com

KKR
Cara Major o Miles Radcliffe-Trenner
media@kkr.com

Dattis
Mariajosé Díaz
mariajosediaz@dattis.com
+57 316 758 5298

[About Telefónica Colombia](#)

Telefónica is one of the biggest drivers of the digital economy in the country, with revenues of 5.36 trillion pesos in 2020. The activity of the company, which operates under the trademark Movistar, is mainly focused on the businesses of mobile communications and connectivity, broadband services, fiber optics to the home, paid television, fixed line communications and a complete range of digital solutions for small, medium and large companies and corporations.

Telefónica is present in 50 cities and municipalities in the country with fiber optics, 210 with fixed broadband and 965 with 4G LTE mobile connectivity. Telefónica closed 1Q21 with a customer base of 19.9 million nationwide: 16.7 million mobile lines, 1.2 million broadband customers -366,000 with fiber-, 527 thousand pay TV and 1.4 million fixed lines in service.

[About KKR](#)

KKR is a leading global investment firm offering asset management, capital markets and insurance solutions. KKR focuses on generating attractive investment returns by practicing discipline in its investment methodology, employing world-class human capital, and supporting the growth of its portfolio companies and their communities. KKR supports investment funds that invest in private equity, credit and real assets, as well as strategic partners that manage hedge funds. KKR's insurance subsidiaries, under the management of The Global Atlantic Financial Group, offer retirement, life and reinsurance solutions. Direct references to KKR's investments may include activities of the firm's sponsored funds as well as its underwriting subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com or its Twitter account at [@KKR_Co](https://twitter.com/KKR_Co).