

Press Release

Telefónica optimizes its assets' value after closing the sale of its fiber optic network in Chile

- The valuation of the company, of which Telefónica will retain a 40% stake, is estimated at US\$1.0 billion (approximately 0.8 billion euros at current exchange rates), representing a multiple over OIBDA 2020 of 18.4x.
- The transaction represents a net debt reduction for the Telefónica Group of €0.4 billion.
- A new independent and neutral company will be established to offer Chile's first wholesale open access fiber optic network.

Madrid, 2nd July, 2021. Telefónica and KKR closed the transaction for 100% of InfraCo, an independent company that will operate Chile's first open access fiber optic network.

The valuation of this company, derived from the transaction, is estimated at 1.0 billion dollars (approximately 0.8 billion euros at the current exchange rate), which represents a multiple over OIBDA 2020 of 18.4 times.

Telefónica will retain a 40% stake in the new entity, which will operate as a neutral wholesale company, ready to operate and accelerate local fiber optic network deployments across Chile, and offer wholesale access for the FTTH business to all telecommunications service providers who, in turn, offer services to their end customers. The transaction represents a net debt reduction for the Telefónica Group of approximately 0.4 billion euros.

Laura Abasolo, General Director of Finance, Control and Corporate Development of Telefónica S.A. and head of T. Hispanoamérica, commented that "the success of this transaction, proves the intense level of execution of our strategic priorities and is an example of our commitment to active business management, value creation and accelerated debt reduction, strengthening our position in the Chilean market while optimizing the value of our assets".

Alfonso Gómez, CEO of Telefónica Hispam, said that "the approval of the transaction without any restrictions by the authorities shows the virtue of the model to strengthen state-of-the-art infrastructure in Latin America. We have the capacity in Chile to consolidate our leadership".

The newly-formed InfraCo will start operations with 2.4 million of Passed Real Estate Investment Units (UUII), 400 thousand built since the announcement of the operation until the end of June.

Through this new company, Telefónica and KKR are contributing to a substantial expansion of access of fiber optic services, and given its open and neutral business model, it will increase market efficiencies that will directly benefit Chileans in a period where good internet access is critical due to remote education, telehealth and teleconferencing needs.

KKR is an investor 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 markets where it is present.

As an open FTTH wholesale platform, the new entity is uniquely positioned to unlock the enormous potential of the Chilean broadband market, contributing to the social, economic and digital development of Chile.

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