



KKR to Acquire Telefónica Chile's Wholesale Fiber Optic Network to Create First Open Access Network in Chile

February 22, 2021

Newly Formed Independent Company to Increase High Speed Broadband Access for Chileans

SANTIAGO DE CHILE, NEW YORK & MADRID--(BUSINESS WIRE)-- KKR, a leading global investment firm, today announced it has entered into an agreement with Telefónica, a leading global telecommunications company, to establish Chile's first open access wholesale fiber optics company with the mission to bring greater broadband access across Chile.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20210222005928/en/>

Under the agreement, KKR will acquire a majority stake in Telefónica Chile's existing fiber optic network, the largest fiber optic network in Chile, and make that network open access through a newly established independent Chilean company with assets managed locally. Telefónica will hold a 40% stake in the business. The newly formed enterprise will serve as Chile's first wholesale digital infrastructure network open to all current and future telecom operators in Chile, creating a competitive marketplace benefitting consumers and businesses across the country.

Despite Chile leading Latin America in GDP per capita, it is currently third-ranked in fiber-to-the-home connectivity. Fiber optic service offers very high reliability and speeds 10-1000 times faster than cable and legacy telecommunication networks.

Upon approval, the new business plans to expand broadband coverage in Chile from 2 million households today to a minimum of 3.5 million households by 2023, and to provide wholesale service to more than 40,000 businesses, telecom towers, and small cells. The newly formed network will provide access to under-served areas with more than two-thirds of households covered by the network being outside of high-income urban areas.

"We are excited to be working with Telefónica to create the first-ever open access wholesale fiber network in Chile. This will create competition where none exists today, helping Chilean families, companies, and the economy recover and grow in the digital economy," said Waldemar Szlezak, senior leader on KKR's infrastructure investment team.

Alfonso Gómez Palacio, CEO Telefónica HispAm, added, "This transaction demonstrates the value of our infrastructure and our willingness to contribute to the sustainable development of the fiber market in Chile. We have seen increased commercial activity over the last 12 months, and this transaction will further support this momentum as we will be able to accelerate the fiber-optic deployment. Our stake in the new company provides us with substantial flexibility in the long-term, in a market with enormous future potential. We are proud to share this project with our partners at KKR, a company with whom we have worked on key initiatives for Telefónica."

The transaction is valued at approximately US\$1 billion and is expected to close in the first half of 2021, subject to regulatory approvals.

The state-of-the-art fiber optic network is built to the highest technical standards, with its existing infrastructure having supported reliable service over the past year when COVID-induced disruptions substantially increased the need for greater bandwidth for tele-work, school, health, and more. In 2020, the network, which is being transferred to the newly formed company, was recognized as the Best and Fastest Fixed Network in Chile.

The new company will be controlled by KKR and will leverage the firm's global experience in digital infrastructure and in operating and deploying fiber networks, including related investments in FiberCop in Italy, Hyperoptic in the U.K., Deutsche Glasfaser in Germany, Telxius in Europe and Latin America, Hivory in France, Global Technical Realty in Europe, Bharti Infratel in India, and Pinnacle Towers in the Philippines.

KKR is making the investment through its Global Infrastructure Investors III Fund. KKR first established its global infrastructure team and strategy in 2008 and has since been one of the most active infrastructure investors around the world. Over this period, the Firm has deployed more than \$24 billion across approximately 40 infrastructure investments, and currently has a team of 45 dedicated investment professionals.

About KKR

KKR is a leading global investment firm that offers alternative asset management and capital markets and insurance solutions. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR's insurance subsidiaries offer retirement, life and reinsurance products under the management of The Global Atlantic Financial Group. References to KKR's investments may include the activities of its sponsored funds and insurance subsidiaries. For additional information about KKR & Co. Inc. (NYSE: KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

About Telefónica

Telefónica is one of the largest telecommunications service providers in the world. The company offers fixed and mobile connectivity as well as a wide range of digital services for residential and business customers. With 342 million customers, Telefónica operates in Europe and Latin America. Telefónica is a 100% listed company and its shares are traded on the Spanish Stock Market and on those in New York and Lima. In 2019, Telefónica set an action plan as a catalyst for the transformation of the company. The plan seeks to prioritize its four relevant markets and grow sustainably in the long term, boost its growth potential while leveraging the value of its infrastructure, increase agility and improve efficiency.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210222005928/en/): <https://www.businesswire.com/news/home/20210222005928/en/>

Media:

Azerta (For KKR Chile):

Fernando Gómez

+56 9 9576 9049

fgomez@azerta.cl

Daniela Maldonado

+56 9 9672 0506

dmaldonado@azerta.cl

For KKR Americas:

Cara Major or Miles Radcliffe-Trenner

media@kkr.com

For Telefónica:

Dulce Jiménez

+52 55 1637 7623

dulce.jimenez@telefonica.com

For Telefonica Chile:

Ricardo Ibáñez

+56 9 9320 7063

ricardo.ibanez@telefonica.com

Source: KKR