



KKR and Telefónica to Create Colombia's First Nationwide Open Access Fiber Optic Network

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- Investment to accelerate ultra-fast digital connectivity to improve quality and coverage for Colombians nationwide, more than quadrupling Telefónica's existing fiber optic network.
- Newly formed company to offer open access wholesale connectivity with modern fiber optic technology for all internet service providers in Colombia, including Telefónica.
- KKR's large direct investment in Colombia with a transaction value of approximately \$500 million affirms its long-term commitment to the region.

BOGOTÁ, Colombia & NEW YORK--(BUSINESS WIRE)-- KKR, a leading global investment firm, today announced an agreement with Telefónica Colombia, a subsidiary of the leading Spanish telecom group Telefónica, to establish Colombia's first independent nationwide open access wholesale digital infrastructure company.

On a mission to bring greater broadband access across Colombia, the new company will expand availability of ultra-fast fiber optic internet, benefitting more consumers and businesses across Colombia. As part of the agreement, KKR will acquire a majority stake in Telefónica's existing fiber optic network, the largest in Colombia, and make the network open access through a newly established independent entity, which KKR will control as the majority shareholder. Telefónica will be a minority shareholder in the new company, with a 40% stake.

The company will be run independently by a local team in Colombia but brings together the expertise of both KKR and Telefónica to build and operate Colombia's premier digital infrastructure network.

Recently, the companies similarly [joined efforts](#) to establish ON*NET Fibra as Chile's first open access wholesale fiber optic network.

Upon closing of the transaction, Telefónica's existing fiber optic network will become open access and available for all internet service providers in Colombia to utilize, including Telefónica. With the investment from KKR, the new company plans to expand existing fiber optic coverage from approximately 1.2 million homes today to, at minimum, 4.3 million homes by the end of 2024, covering at least 87 municipal areas in Colombia, with more than half consisting of underserved areas outside of high-income urban areas.

The network will utilize state-of-the art technology to deliver connection speeds up to 1000 times faster than conventional networks currently available to most Colombians, improving both quality and coverage. The investment will help to close the digital gap, facilitate new 5G connectivity, and provide access to telework, telehealth, and virtual education to far more Colombians than have it today.

"We are thrilled to, once again, be working with Telefónica to provide greater broadband access to those who need it, and to be doing so in Colombia, a country we believe is primed for significant growth ahead and which serves as an attractive destination for investors," said Waldemar Szlezak, senior leader of KKR's infrastructure investment team. "This new venture in Colombia, along with ON*NET Fibra de Chile, demonstrates the potential to invest in innovative financing and growth strategies to promote digital infrastructure in Latin America."

María Fernanda Suárez Londoño, a senior advisor to KKR, added, "More Colombian families and small businesses should have the ability to access ultra-high speed digital services. KKR's investment will help bridge that gap by promoting competition and committing to expand the network in municipalities across Colombia. It also indicates the potential for KKR's continued growth in digital infrastructure in Colombia and in the region."

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."

The transaction is valued at approximately \$500 million and is subject to customary regulatory approvals.

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 its existing fiber optic investments in ON*NET Fibra in Chile, FiberCop in Italy, HyperOptic in the UK, and Open Dutch Fiber in the Netherlands.

KKR is making the investment through its global infrastructure 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 with a team of more than 50 dedicated investment professionals. The firm currently oversees approximately \$28 billion in infrastructure assets and has made over 45 infrastructure investments across a range of sub-sectors and geographies.

Scotiabank and Bank Street are acting as financial co-advisors to KKR on the transaction.

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 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.

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