



# SPAFID CONNECT

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Oggetto : Enel closes sale of majority stake in 1.8  
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*Testo del comunicato*

Vedi allegato.



## PRESS RELEASE

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## ENEL CLOSES SALE OF MAJORITY STAKE IN 1.8 GW OF RENEWABLES IN MEXICO, RETAINS PLANT MANAGEMENT

- *Closed the sale to CDPQ and CKD Infraestructura México, under a "Build, Sell and Operate" ("BSO") model, of 80% of the share capital of eight special purpose vehicles ("SPVs") that own plants in operation and under construction*
- *Enel will continue to build the projects under construction, and will operate the plants under engineering, procurement and construction ("EPC") contracts and long-term asset management agreements*
- *The enterprise value of 100% of the assets amounts to approx. 2.6 billion US dollars, of which 0.3 billion of equity value, 0.8 billion of project financings and 1.5 billion of related party loans*
- *As a result of the transaction, CDPQ and CKD IM paid 1.4 billion US dollars, of which a consideration of approx. 0.2 billion US dollars for the majority interest in the SPVs and approx. 1.2 billion US dollars for related-party loans granted to the SPVs*

**Rome, September 28<sup>th</sup>, 2018** - Enel S.p.A. ("**Enel**"), acting through its renewables subsidiary Enel Green Power S.p.A. ("**EGP**"), closed the deal with the Caisse de dépôt et placement du Québec ("**CDPQ**"), a long-term institutional investor, and the investment vehicle of the leading Mexican pension funds CKD Infraestructura México S.A. de C.V. ("**CKD IM**") for the sale of 80% of the share capital of eight special purpose vehicles ("**SPVs**"), which own eight plants in operation and under construction in Mexico for a total capacity of 1.8 GW.

As a result of the closing of the deal, which slightly amended the structure of the transaction envisaged in the agreements signed between the parties on October 9<sup>th</sup>, 2017, EGP and CDPQ own a 20% and a 40.8% stake respectively in the SPVs through a newly-formed holding company ("**Kino Holding**"), while CKD IM owns a 39.2% stake in the same SPVs, through newly-formed sub-holdings ("**Mini HoldCos**")<sup>1</sup>.

EGP will continue to operate the plants owned by the SPVs and will complete those still under construction through two newly-formed subsidiaries. In addition, starting from January 1<sup>st</sup>, 2020, EGP may contribute or transfer additional projects, increasing its indirect interest in the SPVs and becoming their majority shareholder.

The enterprise value of 100% of the SPVs is equal to about 2.6 billion US dollars, with the equity value amounting to about 0.3 billion, the project financings accounting for about 0.8 billion and the related party loans for a total of 1.5 billion. As a result of the transaction, CDPQ and CKD IM paid 1.4 billion US dollars, of which a consideration of about 0.2 billion for the majority interest in the SPVs and around 1.2 billion for

<sup>1</sup> See last section "Structure of the deal".



related-party loans granted to the SPVs. The consideration paid is subject to adjustment typical of this type of transaction, primarily based on variations of the net working capital of the SPVs.

This transaction combines EGP's industrial know-how in business development, engineering & construction and operation & maintenance activities with the long-term investment strategy of CDPQ and CKD IM.

The closing of the transaction enables the Enel Group to reduce its consolidated net debt by about 2.4 billion US dollars. In this regard, the net financial position of the assets involved in the transaction was already no longer part of Enel Group's net financial debt, as the investment is classified as "held for sale".

This transaction was carried out using the Build, Sell and Operate ("**BSO**") model, in line with the Group's Strategic Plan. The use of the BSO model enables Enel to capitalise the pipeline of renewable projects more quickly, reducing overall risk and accelerating value creation.

The eight SPVs own a portfolio consisting of three plants already in full operation (a total of 429 MW), three recently-connected plants (a total of 1,089 MW), and two projects under construction (a total of 300 MW), for an overall total of about 1.8 GW. Specifically, the portfolio consists of about 1.1 GW from the solar plants Villanueva I (469 MW), Villanueva III (359 MW) and Don José (260 MW) as well as about 0.7 GW from the wind farms of Amistad (198 MW), Dominica (200 MW), Palo Alto (129 MW), Salitrillos (103 MW) and Vientos del Altiplano (100 MW). These plants hold long-term power purchase agreements.

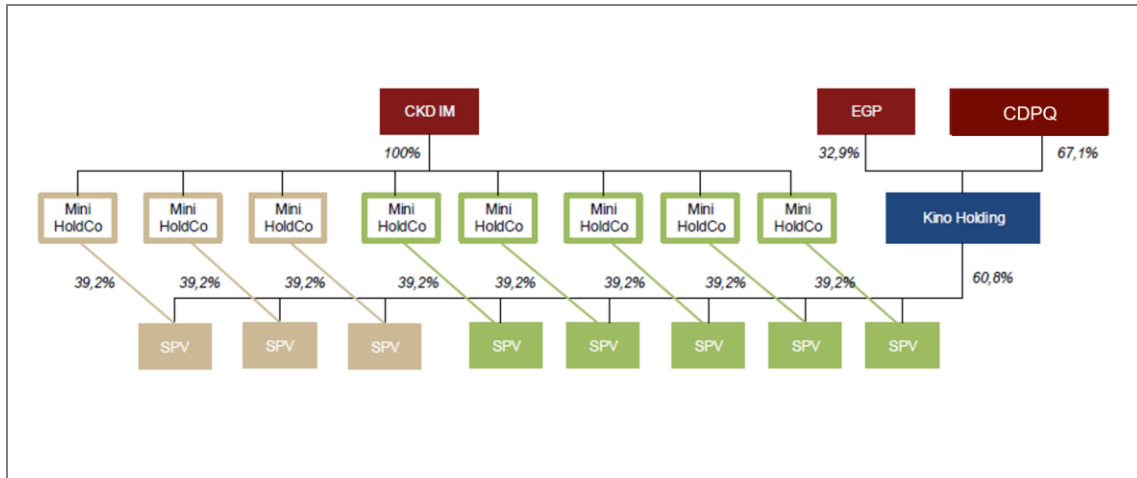
Following the closing, in addition to maintaining a 20% interest and continuing to operate the plants already in operation and those under construction indicated above, Enel retains, in Mexico, direct control of about 300 MW of capacity already installed, represented by the wind plants of Stipa Nayaa (74 MW), Zopiloapan (70 MW) and Sureste (102 MW), and the hydroelectric plants of El Gallo (30 MW), Chilatan (14 MW) and Trojes (9 MW), as well as the solar plant COP 16 (134 kW).

### **Structure of the deal**

Prior to the closing of the deal, EGP transferred a 60.8% stake in each of the eight SPVs to its fully-owned newly-formed company **Kino Holding**. At the same time, EGP formed eight fully-owned **Mini HoldCos**, transferring to each of them the remaining 39.2% stake in each of the eight SPVs.

Upon the closing of the deal, EGP sold 67.1% of Kino Holding to CDPQ, retaining a 32.9% stake in said company (reflecting a 20% stake in the SPVs), and 100% of each Mini HoldCo to CKD IM.

As a result, the purchasers currently own an overall 80% stake in all SPVs - of which 39.2% by CKD IM, through the Mini HoldCos, and 40.8% by CDPQ, through the 67.1% stake in Kino Holding - while EGP owns the remaining 20% through its 32.9% stake in Kino Holding.



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