

With this operation, Iberdrola completes 100% of its asset rotation plan announced at the Capital Markets Day in November 2022

GIC enters a strategic alliance with Iberdrola for the expansion of transmission networks in Brazil for 430 million euros

- Companies to co-invest in Brazilian transmission networks through assets and sign framework agreement to jointly participate in future tenders

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Iberdrola is making significant progress in its 2023-2025 Strategic Plan. The company has signed a strategic agreement with GIC, a leading institutional investors, for the development of transmission networks in Brazil for 2.4 billion Brazilian reais - 430 million euros – as communicated today to the National Securities Market Commission (CNMV).

Both companies will co-invest in operational assets (Jalapão, Santa Luzia, Dourados, Atibaia, Biguaçu, Sobral, Narandiba and Río Formoso), which in total represents 1,865 km of transmission lines and annual profitability of 430 million Brazilian reais - about 77 million euros - with an average concession term of 25 years. Iberdrola, through its subsidiary in Brazil, will have a 50% stake in the company, valued at 1.2 billion Brazilian reais - 215 million euros. The operation was carried out at a multiple of 13 times the gross operating profit (Ebitda).

In addition, the partners have signed a framework agreement for the joint participation in future tenders for electricity transmission assets in Brazil, including the auction scheduled for June 30, 2023. GIC becomes a preferred partner for assets under construction and upcoming auctions. The alliance includes the right to acquire a 50% stake in other assets under construction and operation (Itabapoana, Guanabara, Vale do Itajaí, Lagoa dos Patos, Morro do Chapéu, Estreito, Alto do Parnaíba, Paraíso and Potiguar Sul), which encompass 6,279 km. The total annual return on these assets is equivalent to approximately 1.3 billion Brazilian reais (about 233 million euros).

Once the operation is executed, Iberdrola's subsidiary in Brazil, Neoenergia, will stop consolidating the debt of the operational assets, considered within the scope of the transaction.

GIC is a leading global investment firm established in 1981 to secure Singapore's financial future. As the manager of Singapore's foreign reserves, GIC takes a long-term, disciplined approach to investing, and is committed to investing in critical solutions to accelerate the energy transition.

Partnering with a financial investor of the highest international reputation will allow Neoenergia to consolidate its firm commitment to growth in the transmission sector in Brazil.

Iberdrola's asset rotation and partnerships to boost growth and decarbonisation

This transaction is part of Iberdrola's non-core asset rotation program, which is now 100% fulfilled, to support the company's record investment plan of 47 billion euros.

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As part of its investment plan, approximately 27 billion euros will be allocated to electricity grids worldwide, increasing the value of the company's network assets to 56 billion euros over the next three years. In addition, some 17 billion euros will be allocated to the renewables business, in which it plans to increase its portfolio by more than 12,000 MW of renewable energy.

In recent months, the energy group has closed several long-term alliances to promote the decarbonization of the economy:

- Recently, Iberdrola has signed an agreement to sell more than 8,400 MW of combined cycle gas in Mexico for 6 billion dollars.
- Last month, Iberdrola and MAPFRE advanced in their strategic alliance by incorporating 100 new MW through a joint venture, which already has 450 MW.
- Iberdrola and bp also signed a strategic alliance in March to deploy 11,700 fast charging points in Spain and Portugal.
- At the beginning of the year, Iberdrola and Norges Bank Investment Management signed an alliance to co-invest in 1,265 MW of new renewable capacity in Spain.
- In addition, a few months ago Iberdrola signed an alliance with Energy Infrastructure Partners to co-invest in the Wikingier offshore wind farm and boost its offshore wind portfolio.

Brazil, a country with great growth potential

Iberdrola operates in Brazil through the subsidiary Neoenergia, a leading company in Brazilian networks with more than 710,000 kilometers of power lines. It controls five distributors in 18 states plus the federal district of the country and is a renewable energy giant, with 5.200 megawatts of installed capacity, of which 90% are green.

The Brazilian subsidiary of Iberdrola has already established itself as an energy benchmark in Brazil: it has a client portfolio of 16 million. The company, which has a workforce of more than 15,000 people and generates indirect jobs that represent more than 28,000 jobs.

Neoenergia began operations in 1997, but took a giant leap in 2017, when it merged with Elektro, also owned by Iberdrola. Its debut on the Stock Exchange occurred through a Public Offering (IPO) on July 1, 2019 in the B3 segment of Novo Mercado of the Brazilian Stock Exchange.