

TITULO: KKR-Telefónica venture in Chile buys Entel's fibre optics network				
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US law firm Simpson Thacher & Bartlett LLP and the Santiago offices of Guerrero Olivos and CMS Carey & Allende have advised on Chilean internet provider OnNet Fibra's US\$358 million acquisition of fibre optic assets from local telecommunications company Entel.

CMS Carey & Allende represented OnNet in the deal, while Simpson Thacher and Guerrero Olivos advised the buyer's parent companies KKR and Telefónica, respectively.

Entel enlisted Claro & Cía in Santiago for the deal, which was announced on 22 October.

The transaction is expected to close in the first half of 2023.

By incorporating Entel's fibre-to-the-home (FTTH) network into its current offering, OnNet will add 1.2 million clients to its portfolio, reaching 3.9 million in total. The company aims to cover 4.3 million homes by 2024.

Entel agreed to the sale in order to bolster its FTTH offering without having to fund a revamp of the network itself. The company will become a wholesale customer of OnNet as a result.

To fund the acquisition, OnNet obtained a loan from Santander and Scotiabank. The lenders are thought to have turned to Allen & Overy LLP and Philippi Prietocarrizosa Ferrero DU & Uria (Chile), but this could not be confirmed prior to publication.

US investor KKR and Spanish telecoms giant Telefónica **joined** forces last year to launch OnNet. KKR paid Telefónica's Chilean subsidiary US\$1 billion for the venture, introducing open-access wholesale fibre optics to the Andean country. In a similar deal, KKR **paid** US\$500 million to Telefónica's Colombian division to establish that country's first wholesale digital infrastructure.

Simpson Thacher advised KKR on both occasions. For the Chilean deal, CMS Carey & Allende and Guerrero Olivos provided counsel to KKR and Telefónica, respectively.

Entel is Chile's largest telecommunications company and has a fast-growing presence in Peru. It recently sold off assets to US internet and data group Equinix, divesting three Santiago-based data centres in **March** and a Lima-based data centre in **May**. Equinix shelled out US\$705 million for the four facilities, which are projected to generate annual revenue of US\$53 million. Claro & Cía advised Entel in the Chilean leg of the transaction.

Last year, Entel **raised** US\$800 million in its first issuance of sustainable bonds, the funds of which it earmarked for expanding its telecommunications and renewable energy projects. Claro & Cía also advised on that deal.

Counsel to OnNet Fibra

CMS Carey & Allende

Partners Jorge Allende Destuet and Ignacio Errazquin, and associates Enrique Vergara, Sofia Tuane, Josefina Recalde, Isidora Recoret and Tomas Herling in Santiago

Counsel to KKR

Simpson Thacher & Bartlett LLP

Partner Breen Haire and associates Ana Sanchez, Michael Spirtos in Houston, and partners Adam Shapiro and Nancy Mehlman, and associates Robert Meyer, Andrea Valdes, Austin Vance and William Smolinski in New York

Counsel to Telefónica

Guerrero Olivos

Partners Jorge Delpiano and César Gálvez, and associate Sebastián Marambio in Santiago

Counsel to Entel

Claro & Cía

Partners Felipe Larrain and Joaquin Rodríguez, and associates Rafael McKay and Ana Luisa Correa in Santiago