



## Sempra Energy Announces Agreement To Sell Non-Controlling Interest In Sempra Infrastructure Partners

April 5, 2021

- Announcing agreement to sell 20% equity interest in Sempra Infrastructure Partners to KKR for \$3.37 billion
- Simplifying and improving scale of infrastructure business
- Using proceeds to help fund growth of U.S. utilities and further strengthen Sempra Energy's balance sheet
- Highlighting the value of infrastructure business with expected earnings accretion

SAN DIEGO, April 5, 2021 /PRNewswire/ -- [Sempra Energy](#) (NYSE: SRE) today announced that it has entered into a definitive agreement to sell a non-controlling, 20% interest in Sempra Energy's new business platform, Sempra Infrastructure Partners, to KKR for \$3.37 billion in cash. KKR is a leading global investment firm.

**Sempra Energy Announces Agreement to Sell 20% Interest in Sempra Infrastructure Partners to KKR for \$3.37 Billion**

"Over the next decade, we expect the energy markets in North America to continue to grow and become increasingly integrated. Combining our resources with KKR improves our ability to capture new investment opportunities in cleaner forms of energy and the critical infrastructure that stores and transports it. This transaction also sends a clear signal about the value and expected growth of our infrastructure portfolio."

— Jeffrey W. Martin, Chairman and CEO

**Highlighting Value and Supporting Future Growth**

**\$25.2 BILLION APPROXIMATE TRANSACTION VALUE OF SEMPRAS INFRASTRUCTURE PARTNERS**  
\$3.37 BILLION IN PROCEEDS GENERATED

**20% EQUITY INTEREST**  
in Sempra Infrastructure Partners  
**KKR**  
KKR Global Infrastructure

- Simplifying and scaling a major North American infrastructure platform
- Increasing Sempra's balance sheet while providing Sempra Infrastructure Partners strength and growth
- Highlighting value to investors
- Expected to be accretive to earnings

**Simplifying and Improving Scale of Infrastructure Business**

EXISTING STRUCTURE → SEMPRAS INFRASTRUCTURE PARTNERS

**Sempra Energy**

This transaction values Sempra Infrastructure Partners at approximately \$25.2 billion, including expected asset-related debt at closing of \$8.37 billion.

Today's announcement is part of a series of integrated transactions originally announced in December 2020 that are intended to simplify Sempra Energy's non-utility infrastructure investments under one self-funding platform, combining the strengths of Sempra LNG, a leading developer of liquefied natural gas (LNG) export infrastructure, and IEnova (Infraestructura Energética Nova, S.A.B de C.V.), one of the largest private energy companies in Mexico and a leading developer and operator of renewables and natural gas infrastructure in that country. This new platform is expected to create scale, unlock portfolio synergies, highlight value and better position the business for growth.

"Over the next decade, we expect the energy markets in North America to continue to grow and become increasingly integrated. Combining our resources with KKR improves our ability to capture new investment opportunities in cleaner forms of energy and the critical infrastructure that stores and transports it," said Jeffrey W. Martin, chairman and CEO of Sempra Energy. "This transaction also sends a clear signal about the value and expected growth of our infrastructure portfolio."

"Investing in critical new energy infrastructure creates jobs, delivers reliable energy with fewer emissions and supports North America's economic recovery," said Raj Agrawal, KKR Partner and Global Head of Infrastructure. "That is why we are excited to partner with Sempra Energy. This infrastructure platform provides a strong foundation to expand cleaner energy resources across the continent. Backed by strong, contractually-supported, long-term cash flows, our investment is also consistent with KKR Infrastructure's strategy to seek stable and predictable returns for our investors."

KKR will be making the investment through its Global Infrastructure Investors Funds. KKR first established its Global Infrastructure 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 has over \$27 billion in infrastructure assets under management and has made over 40 infrastructure investments across a range of

sub-sectors and geographies.

The transaction is expected to be completed by mid-2021, subject to customary closing conditions, including consents from certain third parties and regulators.

#### **Highlighting Value**

Sempra Energy will receive cash proceeds from KKR at the closing of the transaction, subject to certain customary purchase price adjustments, including changes to account for any IEnova shares not tendered in Sempra Energy's previously announced stock-for-stock exchange offer for the publicly-traded shares of IEnova.

Under the terms of the agreement, KKR will be acquiring its indirect interest in IEnova at \$4.13 per share, the price calculated using the proposed exchange ratio announced by Sempra Energy on December 2, 2020 and the closing price of Sempra Energy common stock on April 1, 2021, the last trading day immediately preceding the date of the agreement. KKR will have certain minority rights with respect to Sempra Infrastructure Partners commensurate with the size of its investment.

The new business platform is expected to create increased shareholder value and support the global energy transition by providing an improved platform for innovation and potential new investments in renewables, hydrogen, ammonia, energy storage and carbon sequestration. Sempra Infrastructure Partners owns, among other assets:

- An LNG portfolio consisting of up to 45 million tonnes per annum (Mtpa) of LNG export capacity in development, construction or operation on the North American Pacific and Gulf Coasts;
- A renewable portfolio consisting of up to 4 gigawatts (GW) of renewable energy generation in development, construction or operation in Mexico and related electric transmission infrastructure; and
- A natural gas infrastructure portfolio consisting of distribution companies and certain cross-border and in-country pipelines, including those that export U.S. natural gas to Mexico and supply the Energía Costa Azul LNG facility.

Proceeds from the sale will be used to help fund growth across Sempra Energy's \$32 billion capital program, which is centered on its U.S. utilities, and to further strengthen its balance sheet. The sale is expected to be accretive to earnings.

Also, in December 2020, Sempra Energy announced its intention to launch a stock-for-stock exchange offer for the publicly-traded shares of IEnova, with Sempra Energy's common shares to be listed on the Mexican stock exchange (Bolsa Mexicana de Valores, S.A.B de C.V.). Sempra Energy intends to commence this exchange offer following approval by the U.S. and Mexican regulatory authorities.

Goldman Sachs & Co. LLC is serving as financial advisor and White & Case LLP is serving as legal advisor to Sempra Energy on this transaction. Credit Suisse Securities (USA) LLC and Mizuho Securities USA LLC are serving as financial advisors and Simpson Thacher & Bartlett LLP and Creel, García-Cuellar, Aiza y Enríquez, S.C. are serving as legal advisors to KKR.

#### **About Sempra Energy**

Sempra Energy's mission is to be North America's premier energy infrastructure company. The Sempra Energy family of companies have more than 19,000 talented employees who deliver energy with purpose to over 36 million consumers. With more than \$66 billion in total assets at the end of 2020, the San Diego-based company is the owner of one of the largest energy networks in North America serving some of the world's leading economies. The company is helping to advance the global energy transition by enabling the delivery of lower-carbon energy solutions in each market it serves, including California, Texas, Mexico and the LNG export market. Sempra Energy is consistently recognized as a leader in sustainable business practices and for its long-standing commitment to building a high-performing culture including safety and diversity and inclusion. Sempra Energy is the only North American utility sector company included on the Dow Jones Sustainability World Index and was also named one of the "World's Most Admired Companies" for 2021 by Fortune Magazine. For additional information about Sempra Energy, please visit Sempra Energy's website at [www.sempra.com](http://www.sempra.com) and on Twitter [@SempraEnergy](https://twitter.com/SempraEnergy).

#### **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](http://www.kkr.com) and on Twitter [@KKR\\_Co](https://twitter.com/KKR_Co).

#### **Additional Information and Where to Find It**

*The proposed stock-for-stock exchange offer will be submitted to shareholders of Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) for their consideration. In connection with the proposed exchange offer, Sempra Energy has filed a registration statement with the U.S. Securities and Exchange Commission (SEC), which includes a prospectus relating to the offer and sale of the Sempra Energy common stock to be issued in the exchange offer, and has filed a prospectus and registration statement offering memorandum with the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) (CNBV). Shareholders are urged to read the registration statements carefully and in their entirety, along with any other relevant documents or materials filed or to be filed with the SEC or the CNBV in connection with the proposed exchange offer or incorporated by reference in the registration statements, because they contain important information about the proposed exchange offer and the parties thereto. The registration statements and other documents are available free of charge at the SEC's internet website, [www.sec.gov](http://www.sec.gov), and on the CNBV's website at [www.gob.mx/cnbv](http://www.gob.mx/cnbv). The registration statements and other pertinent documents may also be obtained free of charge by directing a written request to Sempra Energy, Attn: Corporate Secretary, at 488 8th Avenue, San Diego, California 92101.*

*Neither this press release nor the information contained herein shall constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities in the United States or Mexico will be made except pursuant to an effective registration statement and by means of the prospectus included in such registration statement and the related materials filed with the SEC and the*

CNBV. The securities discussed herein will not be offered or acquired until the CNBV has authorized the proposed exchange offer, as provided for in the Mexican Securities Act (Ley del Mercado de Valores), and the SEC has declared effective the registration statement related to the proposed exchange offer that has been filed.

### **Certain Information Concerning Participants**

Sempra Energy and its directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of tenders of securities in connection with the proposed exchange offer. Information about Sempra Energy's directors and executive officers is included or incorporated by reference in its Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021.

### **Forward-Looking Statements**

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed in any forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this press release. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.

Forward-looking statements in this press release include any statements regarding the ability to complete the proposed transactions described herein on the anticipated timeline or at all, the anticipated benefits of these transactions if completed, the projected impact of these transactions on Sempra Energy's performance or opportunities, and any other statements regarding Sempra Energy's expectations, beliefs, plans, objectives or prospects or future performance or financial condition as a result of or in connection with these transactions. In this press release, forward-looking statements can be identified by words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "under construction," "in development," "target," "outlook," "maintain," "continue," or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: the timing of the proposed transactions described herein; the ability to satisfy the conditions to closing these transactions; the ability to obtain regulatory approvals necessary to complete these transactions; the ability to achieve the anticipated benefits of these transactions; the effect of this communication on Sempra Energy's or IEnova's stock prices; transaction costs; the diversion of management time on transaction-related issues; the effects on these transactions of industry, market, economic, political or regulatory conditions outside of Sempra Energy's control; the effects on these transactions of disruptions to Sempra Energy's or IEnova's respective businesses; California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the Comisión Federal de Electricidad, California Public Utilities Commission (CPUC), U.S. Department of Energy, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and major acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent of partners or other third parties; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, and arbitrations, including, among others, those related to the natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon natural gas storage facility; the impact of the COVID-19 pandemic on our capital projects, regulatory approval processes, supply chain, liquidity and execution of operations; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our substantial debt service obligations; moves to reduce or eliminate reliance on natural gas and the impact of volatility of oil prices on our businesses and development projects; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, computer system outages and other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires and subject us to liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, limitations on the withdrawal of natural gas from storage facilities, and equipment failures; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses, and the confidentiality of our proprietary information and the personal information of our customers and employees; expropriation of assets, failure of foreign governments and state-owned entities to honor their contracts, and property disputes; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation, and the risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; volatility in foreign currency exchange and interest and inflation rates and commodity prices and our ability to effectively hedge these risks; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the SEC. These reports are available through the EDGAR system free-of-charge on the SEC's website, [www.sec.gov](http://www.sec.gov), and on the company's website, [www.sempra.com](http://www.sempra.com). Investors should not rely unduly on any forward-looking statements.

Sempra North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not the same companies as the California utilities, SDG&E or Southern California Gas Company, and Sempra North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.



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