



## OTHER RELEVANT INFORMATION

**Madrid, 3<sup>rd</sup> January 2022.** Pursuant to the provisions of article 227 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and other related provisions, Fomento de Construcciones y Contratas, S.A. ("FCC" or the "Company") communicates the following relevant information to the market:

- **The FCC Group's head company in the water sector, FCC Aqualia, has reached a deal to acquire 80% of the water business of Georgia Global Utilities (GGU) for USD 180 million.**

A fully owned subsidiary of Georgia Capital (GCAP), GGU owns and operates a range of assets including the comprehensive water cycle infrastructure in Georgia's capital city. The process with GGU, the proprietor of water utility and power generation assets, will be conducted in two phases in 2022:

The initial phase, slated for completion by the end of January 2022, in which FCC Aqualia acquires 65% of the current GGU, which includes water and renewable energy assets, for a price of USD 180 million.

A second phase, in which GGU will spin off the renewable energy assets, with only the water assets remaining in GGU's perimeter (with 4 hydroelectric power plants associated with the water cycle). In this regard, FCC Aqualia will hold 80% in GGU and GCAP shall hold the remaining 20%; as GGU has currently issued a USD 250 million green bond, it will need to be cancelled before the demerger can be completed, after which GGU is expected to issue a new bond, already adjusted to the company's new scope of activity.

The USD 180 million payable for the final 80% stake in GGU entails an enterprise value (EV) of 8.9 times estimated 2021 EBITDA.





The transaction is nevertheless subject to several approvals, including approval by GCAP's AGM for the first phase, since, as a company listed on the London Stock Exchange, it requires ratification by its shareholders. It must also have the statutory and customary authorisations for this type of transaction by the market competition and regulatory authorities overseeing the activities in which GGU operates.

This deal also contemplates a put option that FCC Aqualia grants to GCAP, exercisable in 2025 or 2026, and GCAP in turn grants Aqualia a call option, exercisable on the expiry date of the put option period, for the remaining 20%.

As part of its water cycle activities, GGU owns the Zhinvali reservoir and dam, with a capacity of 520 Hm<sup>3</sup>, 7 water treatment plants, 1 large wastewater treatment plant, 58 pumping stations, 118 reservoirs and 4,300 km of distribution networks and 1,700 km of sewerage.

Georgia boasts a growing economy open to foreign investment and is a preferential EU partner with an Association Agreement since 2016. Home to 3.7 million inhabitants, the country welcomes 8 million tourists a year and is among the countries with the highest business friendliness (World Bank, Ease of Doing Business Rank) and transparency (Transparency International IPC Rank), at levels similar to some EU countries. As electricity, water management is considered a regulated sector. The RAB (Regulatory Asset Base) system is geared towards ensuring the recovery of operating expenses and investments with adequate returns. FCC Aqualia is familiar with this system, which is very similar to the one used by Smvak (wholly owned subsidiary) in the Czech Republic.

FCC Aqualia's rationale and goals for this transaction are based on:

Bolstering presence in its core business activity, the comprehensive water cycle, with assets in property, enabling it to add substantial value to water services.

Increasing geographical diversification in a target area such as Europe and adding to the consolidated presence in Spain and the Czech Republic, together with the comprehensive cycle presence in Portugal, Italy and France.

Use FCC Aqualia's technology and experience as a specialised operator to improve the performance and quality standards of the services provided by GGU, while increasing the efficiency and profitability generated by the company.

