

Beat: Business

Iberdrola acquires the American company PNM in the energy sector

Offers electricity in NM and TX

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USPA NEWS - The Spanish multinational energy company Iberdrola has acquired, through its American subsidiary Avangrid, the PNM company, which offers electricity in the states of New Mexico and Texas. The board of directors of Avangrid Inc. has approved the acquisition of PNM by Avangrid. This friendly transaction, recommended by PNM's board of directors, will be effected via merger.

PNM's shareholders will receive \$4.3 Bn in cash. It implies an Enterprise Value of approximately \$8.3 Bn considering a net debt plus other adjustments of approximately \$4 Bn. The purchase price represents a premium of 10% over the PNM's share price as of Tuesday 20th October and 19.3% over the average PNM share price during the 30 days prior to prior to Wednesday 21st October.

The combination of Avangrid and PNM, with over 4.1 million points of supply, regulated asset base (RAB) of \$14.4 Bn, more than 168,000 Km of networks and approximately 10.9 GW of installed capacity (as of 2019), will accelerate Iberdrola Group's growth in the US.

The agreement between Avangrid and PNM, is subject to approval by PNM shareholders. As PNM and its subsidiaries operate in a regulated sector, the relevant authorizations at state level (New Mexico Public Regulation Commission and Public Utility Commission of Texas) and Federal level (Federal Energy Regulatory Commission, Hart Scott Rodino Clearance, Committee on Foreign Investment in the United States, Federal Communications Commission and Nuclear Regulatory Commission) will be required. This process is expected to be completed in 2021.

Ignacio Gal n, Chairman & CEO of Iberdrola and Chairman of Avangrid said: "The operation aligns to the strategy we have followed for more than 20 years. Friendly transactions, focused on regulated businesses and renewable energy, in countries with good credit ratings and legal and regulatory stability, offering opportunities for future growth."

Iberdrola currently owns 1,900 MW of renewable energy and a pipeline of 1,400 MW renewables assets in New Mexico and Texas. In addition, Iberdrola operates a retail business in Texas. For more than 15 years, Iberdrola has also funded the King Felipe VI Chair in the Department of Electrical and Computer Engineering at the University of New Mexico.

Avangrid and PNM

Avangrid, listed on the New York Stock Exchange, is a diversified energy and utility company with operations in 24 states in the United States that consolidates the U.S. energy operations of its parent, Iberdrola. In 2019, Avangrid had approximately 2.3 million electricity and 1.0 million gas points of supply. The company distributed a total of 36 gigawatt hours (GWh) of electricity and had an installed capacity of 8.1 gigawatts (GW). Avangrid has a Market Capitalization as of the 20th of October of approximately \$16.8 Bn, an Enterprise Value of \$25.7 Bn and EBITDA of \$1.9 Bn as of 2019.

PNM Resources, listed on the New York Stock Exchange, is an energy holding company based in Albuquerque, N.M. In 2019, through its regulated utilities, PNM and TNMP, PNM Resources had 2.8 gigawatts (GW) of generation capacity, provided electricity to approximately 790,000 homes and businesses and distributed a total of 14.9 terawatt hours (TWh) in New Mexico and Texas. PNM has a Market Capitalization as of the 20th of October of approximately \$3.9 Bn, an Enterprise Value of \$7.5 Bn, and EBITDA of \$586 MM as of 2019.

The acquisition of PNM fits within Iberdrola's strategy: Growth in regulated utility business, primarily transmission and distribution, and renewables; Increase exposure in good rated countries (AAA); Immediately accretive to earnings, and Maintaining financial strength.

Article online:

<https://www.uspa24.com/bericht-17702/iberdrola-acquires-the-american-company-pnm-in-the-energy-sector.html>

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