

Engie-led consortium seals US\$8.6b purchase of Petrobras pipeline unit



PARIS (April 8): A consortium led by French utility Engie has won a bid for Petrobras' TAG pipeline arm with an US\$8.6 billion offer, in a deal that boosts Engie's presence in a fast-growing sector and will help Petrobras cut its debts.

Engie said on Monday its successful offer for a 90% stake in TAG was made by a consortium involving Engie and Canada's Caisse de Dépôt et Placement du Québec (CDPQ). Petrobras will keep a 10% stake in TAG.

Engie said buying TAG would provide it with a steady stream of profits, with TAG accounting for 47% of Brazil's entire gas infrastructure.

"Our acquisition of TAG is a significant milestone for ENGIE

in Brazil, a key market for the group where we have been present for 23 years,” said Engie Chief Executive Isabelle Kocher.

“It is fully aligned with Engie’s strategy to become the leader of the zero-carbon transition, supporting Brazil in the decarbonization of its energy mix,” added Kocher.

Under Kocher, Engie has been focusing its investments on energy services, renewable energy and infrastructure assets, while selling out of coal-related assets.

Engie said the acquisition of TAG, which had 2018 core earnings of US\$1.14 billion, would result in Engie’s net debt increasing by around 1.6 billion euros (US\$1.8 billion).

The TAG divestment also represents a victory for Petrobras’ leadership and its Chief Executive Roberto Castello Branco, who is pushing to unload assets in a bid to cut debt and refocus on exploration and production.

In September 2016, Petrobras sold a larger gas network pipeline, Nova Transportadora do Sudeste, for US\$5.2 billion to Brookfield Infrastructure Partners LP, which beat out a bid by Engie.