

Brookfield Infrastructure Partners (Q2 2023 Results)

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Corporate Speakers:

- David Krant; Brookfield Infrastructure Partners L.P.; CFO & Managing Partner
- Udhay Mathialagan; Brookfield Infrastructure Partners L.P.; Managing Director & CEO of our Global Data Center platform
- Samuel Pollock; Brookfield Infrastructure Partners L.P.; CEO & Managing Partner

Participants:

- Cherylyn Radbourne; TD Securities Equity Research; Analyst
- Robert Hope; Scotiabank; Analyst
- Robert Kwan; RBC Capital Markets; MD & Energy Infrastructure Analyst
- Devin Dodge; BMO Capital Markets; Analyst
- Naji Baydoun; iA Capital Markets; Director & Analyst
- Andrew Kuske; Credit Suisse; MD, Head of Canadian Equity Research and Global Coordinator for Infrastructure Research
- Will GU, CIBC Capital Markets; Associate

PRESENTATION

Operator: Hello, and thank you for standing by. Welcome to the Brookfield Infrastructure Partners Second Quarter 2023 Results Conference Call and Webcast. (Operator Instructions). Please be advised that today's conference is being recorded.

It is now my pleasure to introduce Chief Financial Officer, David Krant.

David Krant: Thank you, operator and good morning, everyone. Welcome to Brookfield Infrastructure Partners Second Quarter 2023 earnings conference call.

As introduced, my name is David Krant and I'm the Chief Financial Officer of Brookfield Infrastructure. I am joined today by our Chief Executive Officer, Sam Pollock, and Udhay Mathialagan, a Managing Director and CEO of our Global Data Center platform. Udhay is joining our call from Mexico, so if we encounter any technical difficulties, we also have Ben Vaughan with us in the room today.

I'll begin with a discussion of our second quarter financial and operating results as well as our liquidity position and the recent success of our capital recycling initiatives. I'll then turn the call over to Udhay, who will expand upon one of the 3D's driving investment opportunities, digitalization, through the lens of our Global Data Center operations. Finally, Sam will provide an update on our strategic initiatives and an outlook for our business.

At this time, I'd like to remind you that in our remarks today, we may make forward-looking statements. These statements are subject to known and unknown risks, and future results may differ materially. For further information on our known risk factors, I would encourage you to review our Annual Report on form 20-F, which is available on our website.

Beginning with our financial and operating results, we generated funds from operations or FFO of \$552 million during the second quarter, an increase of 8% over the comparable period last year. Results were supported by the contribution of approximately \$2.1 billion of capital deployed in new acquisitions over the past year, partially offset by the impact of asset sales and borrowing costs associated with financing these new investment.

Organic growth was near the high-end of our target 6% to 9% range, reflecting the benefit of elevated inflation on tariff increases and the commissioning of approximately \$1 billion in new capital projects during the last 12 months. Partially offsetting the strong underlying performance of our business, was the normalization of market sensitive revenues as the prior year benefited from elevated commodity prices.

Starting with our segments, in the Utility segment, we generated FFO of \$224 million, an increase of 19% from the same period last year. Organic growth for Utilities was 10%, reflecting the continued benefit of elevated inflation indexation and the commissioning of approximately \$500 million of capital into our rate base during the last 12 months. Current quarter results also benefited from the expansion of our residential decarbonization infrastructure platform in North America and Europe following the acquisition of HomeServe in January of this year.

FFO for the Transport segment was \$199 million, an increase of 5% from the prior year, once excluding our U.S. container terminal that was divested in the second quarter of last year. Results continue to benefit from inflation-linked rate increases across our global portfolio. Compared to the prior period last year, our global toll road portfolio increased rates by 10% and our rail networks passed through increases of 8%. Volumes have remained resilient with traffic levels increasing 2% across our portfolio of roads, and our rail volumes were consistent with the prior year. Partially offsetting the strong operational results of our road and rail assets were the 1% reduction in port volumes and the normalization of commodity prices that provided an outsized contribution at our U.S. LNG export terminal in the prior year.

The midstream segment generated FFO of \$161 million, a modest decrease compared with the prior year. Strong performance across our base business from increased utilization and higher contracted cash flows was offset by softer results at our Canadian diversified midstream business. Results were impacted by the normalization of market sensitive revenues and the delay in meaningful contribution from the Heartland Petrochemical Complex, which underwent repairs and was offline for much of the quarter. During July, we successfully completed the restart and ramp up of the complex which is currently achieving high operating rates. Heartland is anticipated to partially

contribute to results during the third quarter, while the fourth quarter is expected to provide a full contribution.

Lastly, FFO for the data segment was \$72 million, an increase of 20% from the same period last year. Current quarter results benefit of the acquisition of a European telecom tower operation in February as well as the contribution from our Australian fiber business acquired in August of last year.

In addition to the strong financial and operational results I've described, our business is also well-positioned to execute its financing plans, with strong access to capital and a very robust liquidity position. We ended the second quarter with \$2.3 billion in corporate liquidity, which was supported by the significant progress achieved in our capital recycling initiatives. To date in this calendar year, we have secured \$1.9 billion of asset sale proceeds, of which \$1.4 billion has already closed.

Most notably, during the quarter, we secured and closed the sale of our 50% interest in our New Zealand integrated data distribution business to our existing joint venture partner for net-to-BIP proceeds of approximately \$275 million. When combined with the sale of the tower assets last year, we generated a U.S. dollar IRR of 31%, which represented a 2.6x multiple of our capital over the 4-year hold period. We also secured and closed the partial sale of a U.S. gas pipeline to one of our existing partners for approximately \$420 million. This implied an 18% IRR and a 2.8x multiple of our capital since the recapitalization of the business in 2015.

Finally, we secured the sale of a portion of our financial asset portfolio and our 8% interest in our Australian regulated utility for total proceeds of approximately \$840 million. Approximately \$380 million has been received during the year, with the remainder scheduled to close later this month.

With our capital recycling objectives largely achieved, our organizational focus has shifted to the integration of our newly acquired businesses and the execution of their respective business plans. This includes the development of our Global Data Center platform, which Udhay will discuss next.

I would like to thank everyone for their time this morning and I will now pass the call over to him.

Udhay Mathialagan: Thank you, David, and good morning, everyone. I am pleased to be joining today's call to discuss the digitalization investment theme and the exponential need for data storage.

Digitalization has been a strong tailwind driving our recent investment activity. It refers to large scale capital that is required to support exponential increases in data consumption. We typically invest in several core data-focused areas, including fiber, telecom towers, indoor wireless systems and data centers. The data storage and processing industry, in particular, is benefiting from sector tailwinds, including the rise of

generative artificial intelligence, which is transforming industries by automating complex tasks and advanced analytics. We are also experiencing an exponential surge in data storage and processing requirements from enterprises migrating workloads and applications from on-premises to the cloud, as well as the widespread adoption of new use cases such as 5G technology. These trends are amplifying demand for robust, well-located and scalable data infrastructure, including data centers.

This year, we capitalized on these tailwinds and have significantly expanded our data center operations. We secured the acquisitions of two development platforms, Data4 and Compass, which meaningfully contribute to our operating capacity and expand our presence in Europe and North America, respectively. In fact, following the closing of both transactions, we will own and operate one of the largest global hyperscale data center platforms.

Our operating capacity will increase to over 485 megawatts with an additional 775 megawatts of capacity already contracted and reserved that will be built out over the next several years. Combined, we expect to have over 1.25 gigawatts of capacity over the next few years that is highly contracted to provide stable cash flow and is underpinned by major hyperscale customers. These customers are of strong credit quality and represent industry leading companies that are at the forefront of technological advancement, such as artificial intelligence.

We believe our size, scale and global portfolio will prove to be a competitive advantage going forward. Our operating footprint is across five continents, which can give our hyperscale customers a highly flexible and consistent offering in multiple geographies. These relationships will also provide critical and real-time information on the global market that should provide us with a competitive edge. Another differentiator for our data center offering is the ability to leverage Brookfield's ecosystem to provide a turn-key solution that includes renewable power connectivity and adjacent real estate development.

Our near-term focus is on the execution of a large scale and high-growth business plan. The high degree of contracted capacity provides multi-year visibility to secure access to critical equipment, reliable labor and priority procurement, with the pricing benefits of development at scale. We also expect to benefit from our modular and repeatable build design, as well as our permitted, power ready and owned land bank for all of our development plans. Additionally, to further support our customers' growth ambitions, we have an existing land bank in prime markets that has the potential to increase our total capacity to over two gigawatts.

That concludes my remarks for this morning, and I will now pass the call over to Sam.

Samuel Pollock: Thank you, Udhay. And good morning, everyone.

For my remarks today, I'll provide an update on our strategic initiatives and conclude with an outlook for our business. As we highlighted in our letter to unitholders, we

continue to find good opportunities to invest capital above our targeted return thresholds. In that regard, for 2023, we have already exceeded our annual deployment objectives, securing three new investments totaling nearly \$2 billion.

Now, beginning with Triton privatization, I'm pleased to say that nearly all the required regulatory approvals have been received and a shareholder vote has been set for August 24. We currently expect to close the transaction shortly after receiving confirmation of shareholder support.

As Udhay touched on just now, we recently accelerated our global data center growth strategy through the acquisition of two marquee development platforms in North America and Europe. These investments filled gaps in our existing portfolio, which was primarily focused on the South America and Asia Pacific regions. We now have development capabilities in our core markets, including North America and Europe, and have become one of the largest developers in the world.

Most recently, we entered into an agreement to acquire a co-controlling stake in Compass Datacenters, a leading North American hyperscale data center platform. The business has approximately 170 megawatts of operating capacity, with a significant de-risked capacity backlog of 565 megawatts to be developed on power-ready and owned land across several major campuses. We expect the transaction to close in the fourth quarter.

We also recently closed the previously announced acquisition of Data4, a European hyperscale data center platform. Since announcing the transaction, the business converted 130 megawatt memorandum of understanding with a leading hyperscale client into firm contracted capacity. This results in over 50% of our business plan growth profile of 400 megawatts being successfully contracted.

For these recent datacenter investments, we expect to initially earn single digit going-in-yields that we expect will grow materially as we develop our highly visible and large-scale growth pipeline. We plan on developing almost one gigawatt of capacity over the next 3 years, which we anticipate will increase last year's EBITDA by over 5x. To finance this growth, we tend to utilize our capital recycling experience to create a self-funded structure, monetizing operating and contracted data centers to fund our capital backlog. These investments are expected to generate high-to-mid teen returns, which could be even higher depending on the success or capital recycling.

Looking forward at our business more broadly, we continue to demonstrate strong momentum in our financial, operating and strategic initiatives. The closing of Triton is expected to generate meaningful accretion to results in the second half of the year, and our data center investments will provide meaningful FFO growth in the years to come. In addition, our continued ability to pass through inflationary increases in our tariffs above headline rates should continue for the next several quarters.

We continue to surface highly attractive opportunities to invest for value in this capital scarce environment. While we've surpassed our capital deployment target for the year, we

will continue to pursue new and follow-on opportunities, especially those that offer greater returns than our target levels. At the same time, while we've largely completed our capital recycling efforts for the year, we are evaluating further dispositions for 2024. We fully expect to achieve continued success in our capital recycling initiatives in the years ahead, given the quality and diversification of our asset base.

That concludes my remarks and I'll now pass it back to the operator to open the line for questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions). And our first question comes from the line of Cherilyn Radbourne with TD.

Cherilyn Radbourne: In terms of a very large scale data center platform that you've now assembled, can you speak to the extent to which you can share best practices and generate synergies across it? Just considering that in some cases, you have partnerships with other investors?

Samuel Pollock: Hi, Cherilyn. Maybe, I will start off and then let Udhay maybe chime in with a few comments from Mexico. Look, our goal is to extract as many synergies as possible from these transactions. And I think for those businesses where we control, or co-control, in particular these more recent ones, I think we'll have lots of opportunities to share best practices.

In those businesses where we have partners who are quasi competitors, I guess, it will be a little more challenging. But nonetheless, we have a great relationship with our partners, particularly in South America and in India, and I expect that we will take advantage of those things where it's mutually beneficial, And they've been a great partner to date and I don't doubt they'll continue to be a great partner. Udhay, did you want to add anything to that?

Udhay Mathialagan: Probably just one more point, Sam, which is, I think, particularly in co-controlled situations, our interests are absolutely the same. And partners bring very specific inputs, and in some of these arrangements, different parties are contracted to provide particular inputs. So, I think we have a very productive, collaborative approach to bringing best practices within those JVs that Sam alluded to, and of course in the other businesses where we have 100% ownership, there's clearly more opportunity as well to share best practices and lessons from other markets.

Cherilyn Radbourne: Great, that's helpful. And then as it relates to the plan to self-fund the development pipeline by selling fully operating and contracted data centers, can you give us some color on the pool of buyers out there that would be looking to purchase, I guess, single facilities or perhaps smaller scaled clusters of facilities?

Samuel Pollock: Today, we've seen a number of industry participants monetize stakes to individual investors, both in Europe and in North America, and have done so at cap rates that I think are very attractive. We've also seen some groups set up vehicles where they've dropped down assets and set up kind of private REITs.

I think our plan will be to explore a whole range of different capital recycling alternatives, taking advantage of our knowledge of global LPs and their desires to deploy capital in these types of assets. So I think there's very few players who have that same global reach and understanding of LP's desires and we'll do our best to match those buyers with the assets that we have in a structure that's appealing to them. So that could be retail investors, institutional investors and high net worth individuals.

So, there's whole host of capital out there that that would like these types of assets and we plan on setting up those structures to access them in a very large way.

Operator: (Operator Instructions) Our next question comes from the line of Robert Hope with Scotiabank.

Robert Hope: I want to stay on this theme of the hyperscale and data business. Now that you have platforms on 5 continents, how does the focus for growth shift? Will you move away from large platform M&A to smaller tuck-ins and focusing on the development pipeline or could we continue to see, what we will characterize as platform acquisitions in this segment?

Samuel Pollock: Hi, Robert. I'll start and then maybe again ask Udhay to talk about our organic growth opportunities. I think it's unlikely that we'll pursue any more platform investment opportunities. I think we have operations in all the regions where we want to be. That's not to say there might not be some small investments somewhere in a region, maybe the Middle East, where we have relatively modest activities today.

But I think we have most of the regions where we want to deploy capital well-covered. And so I think the focus will be on organic growth, acquiring land and building more campuses, and just executing the business plan that each of our businesses has in front of them. And maybe with that I'll turn it over to Udhay to expand on that.

Udhay Mathialagan: Probably just building on that, Sam. Exactly, I think we've touched on it a bit earlier. There's a huge pipeline in front of us in terms of customer opportunities, and that's probably we're definitely noticing a bit of an uptick as well with hyperscalers, in particular, and others, looking at applications like AI and probably seeking to secure supplies.

So I think a lot of the focus will be building out on land banks we've got and perhaps some smart sort of extensions into new locations from each of the platform companies. They serve some very natural geographies, which could be expanded into, so that probably will be the main focus for the next little while.

Robert Hope: Appreciate that. As a follow-up in the letter, you commented that buyers are having less access to capital. How is this impacting your pipeline of potential M&A opportunities? How much valuation compression have you seen? Or some sellers balking at pricing and shelving processes?

Samuel Pollock: So Robert, I think all those things are, I guess, dynamics taking place today. I think capital, while becoming less scarce, I do see an improvement in the market and definitely the access to capital is improved. I also think that seller expectations have moderated and so I think that's also helped to improve deal activity.

But I think it's safe to say that in this market as a whole, and I'm always wary of generalizing too much because there are some sectors that are still in high demand, but for the most part, this is a buyer's market. But I do see the shift taking place, more capital coming back.

Fundraising for our business remains strong and I think we're seeing a number of our peers go to the market to raise new funds, and so that will create dry powder for acquisitions. So I think the market is definitely picking up, but I think for the next little while, we still see an opportunity to invest in very high returning situations that particularly those that tuck into our existing operations. I think that's where the real opportunity lies today.

Operator: Our next question comes from the line of Robert Kwan with RBC Capital Markets.

Robert Kwan: If I can just continue on, on the statement you made around buyers having less access to capital and the other statement just for you investing in a capital scarce environment. Sam, you touched a little bit on it with the last answer, but can you just talk about what all of this means in terms of the attractiveness, both opportunities for acquisitions and divestitures just across the different asset classes and geographies that you're targeting?

Samuel Pollock: Hi, Robert. So maybe just let me rephrase your question to make sure I understood it. I think you asked me just to give the investment outlook, for lack of a better expression, across different regions in the world in different sectors. Is that what the question was?

Robert Kwan: Yes, especially just with your comments here around capital scarcity and just the moderating valuations?

Samuel Pollock: Yes. Look, I think the investment climate is pretty consistent in all markets. Today I don't see any market, which is unusual because usually there's always one place that has no capital and another place that has a lot of capital. Today, it's actually pretty consistent across the globe as far as capital availability.

Typically, we would expect that the North American capital markets would come back, probably the soonest would usually be my expectation. And I think that's probably still will be the case with the other markets falling behind a little bit. But yes we're seeing good opportunities, I guess, just to sum up in all markets today. So in each of our regions, we are looking at tuck-in acquisitions that are above our traditional return expectations.

As far as sectors go, the digital sector remains very attractive for investors. There's still a lot of people who want to gain exposure to it. There are parts of the data sector that are not as attractive as others, and so people are maybe a little more wary, in particular, some of the wholesale fiber and enterprise fiber type businesses are a little bit more distressed, but we still see lots of capital for towers and data centers. And the demand from customers is extremely strong supporting those businesses.

Similarly, we see a lot of interest from us and from our clients for utilities, particularly electric utilities, maybe less so for gas or fossil fuel-related utilities, but electric utilities are very much in demand, and I think we'll see that for the long-term.

So maybe from a thematic perspective, the 3Ds that we've talked about the last year, year and a bit, are still very relevant and driving a lot of the capital needs as well as investor desires to get in front of decarbonization, digitalization and some of these deglobalization trends that we see.

Robert Kwan: That's great. If I can just follow-up on a specific sector that you didn't touch on as much, just midstream. You've seen M&A valuations moderate there. Does that make it more attractive to you from the perspective of acquiring? Or is it less attractive just in terms of whether it's how industry dynamics have played out, where the market is? And I don't know if there's any comments you can make as a read through to your own assets?

Samuel Pollock: Yes. Look, we are still very enthusiastic about midstream and our midstream assets. We think today our assets are highly cash generative, and generate very robust sustainable cash flow. So any business that you can have that generates those types of attributes, then we think they're great businesses.

I think the only caveat is, obviously, we're in an environment where there's less buyers for some of those types of assets and so terminal value is something that everyone's mindful of. And everyone takes a view of the longevity of certain types of assets, and so that requires a lot of diligence.

And for us, we'll continue to invest in high-quality and scarce midstream businesses and ones that provide a relatively quick return of capital. And that's always been our investment focus and thesis for the last number of years, and we'll continue with that approach. But we like the sector. We think valuations are actually okay. We've been on the buy and sell side the last couple of years and I think they're fairly constructive.

Operator: Our next question comes from the line of Devin Dodge with BMO Capital Markets.

Devin Dodge: I wanted to start with a question on the toll road business in Brazil. We haven't seen Arteris do many or bid on many new concessions recently. There's been some focus in the Brazilian media that Arteris's leverage is too high, which they're attributing to the factor behind the lack of growth, and they're even suggesting that the business may be a capital injection from Brookfield as its partner. So I'm not sure if you want to respond to that directly. But I'm just trying to get a sense for how BIP views the Arteris business and its capacity for pursuing growth.

Benjamin Vaughan: Yes, Devin. It's Ben here. I guess, Arteris and our Brazil toll road operations, operating conditions have been a bit challenging over the last several years in Brazil and mostly due to just the broad economic challenges impacting the country overall. And as we always do, we're very focused on evaluating our capital allocation into the business and need to make sure we're earning a proper return. And so that's our main area of strategic focus with Arteris at this time. And we will weigh all that very carefully as we consider adding further concessions to the platform in the coming years.

Devin Dodge: Okay. That's fair. And then I guess sticking in South America, but moving a bit further north to our toll road in Peru. Look, I know this is a smaller investment, but there's been a lot of unrest and media coverage on the toll road in Lima. Just can you provide an update on the situation there?

Benjamin Vaughan: Yes, of course. So at this stage, Devin, I can't get into too many details, but this is a road in Peru that we bought back in around 2016, and the road has a lot of really attractive characteristics. It's got a good growth profile and an excellent concession contract. And since we've owned it, the operations have gone very well.

And what's happened here is earlier this year, the municipality, which is the counterparty on our concession contract, indicated that they'd like to go in a different direction with the road. And so we're now in discussions with the municipality on that to see if we can accommodate their needs and those discussions are underway.

Operator: Our next question comes from the line of Naji Baydoun with iA Capital Markets.

Naji Baydoun: Just wanted to go back to the topic of M&A. You've sort of fully funded these acquisitions this year from asset sales and debt issuances. I guess your comment about maybe some capital recycling initiatives taking a bit longer to execute or complete. Is that slowing your appetite for acquisitions at all in the meantime in terms of waiting to secure funding?

Samuel Pollock: Hi, Naji. Well, look, we always have to invest based on our available liquidity. So that's obviously a consideration. I think what is unique about our business is that we have many sources of capital to fund growth, and we'll evaluate all those different

sources and to the extent that we can raise capital in an accretive manner to fund high-returning opportunities we'll do so.

Obviously, if the source of capital don't provide for accretive growth, then we will slow down the growth. But our history is that we've always been able to find these levers to continue to take advantage of opportunities, particularly in markets where you can buy for value. So my expectation is that we will continue to be able to grow and find ways to finance that growth.

Naji Baydoun: Understood. And the comment that you made earlier about the utility market and the attractiveness maybe of certain assets of others. Can you maybe talk about your view on water utilities?

Samuel Pollock: So water utilities, they come in different structures and different regions. So I'd have to talk about it based off each region. Probably the most well-known prominent water utility investments are in the U.K. and as is, I think, quite well known. And particularly now with all the media that's being attributed to it, it's been a very challenging environment.

For the most part, because of -- probably mistakes with capital structures and how people finance those acquisitions as well as difficult operating and regulatory environments, they haven't performed particularly well. Again, there's probably a few that have done better than others, so I don't want to smear everyone with that same comment because there are some that have done okay, but for the most part, it's been a challenged sector. And it's probably one that we would avoid and not find particularly interesting from a risk-return perspective today.

In Europe, there is a few water utilities in Spain and other places, but for the most part have not been actionable. In the U.S., there really hasn't been an ability to invest in the water utility sector in scale, most of them have been small roll-ups and so not really well-suited for us. They've also traded at extremely high valuations, driving lower returns. And again, that didn't really appeal to us. So we haven't done much in the U.S. and I would not expect that the opportunity set would be large there.

And then in South America, there's a few water utility type businesses in Chile and Brazil, and we have generally not focused on those. So I guess, you can say -- you get from my remarks that there's not too much for us to do in the water utility space.

Naji Baydoun: Very clear and comprehensive answer. And just maybe last question on the 2 more recent capital recycling initiatives, the U.S. pipeline and AusNet and any comments on valuations for those two would be helpful.

Samuel Pollock: Yeah. NGPL, look, we have sold down through two transactions, both to the same buyer. One was done a couple of years ago prior to the movement in rates and one afterwards. And I think the takeaway is that the valuation for the business increased during that period of time, so I think that says a lot to the quality of the asset

and the fact that in spite of movement in rates, you can still achieve values that were present prior to this environment. So I think that's a great example of that.

On AusNet, we held it for a relatively short period of time and we sold it effectively at a return consistent to what we bought at. So it would have accreted up in value over the period of time that we held it, but the going in and going out valuations were very consistent.

Operator: Our next question comes from the line of Andrew Kuske with Credit Suisse.

Andrew Kuske: I guess the question is targeted to Sam. And really, if you look at BIP's operations and the scale of them, maybe you could just give us some insight as to how you're managing data. Effectively, if you think of all the information you have, hydrocarbon flows, traffic numbers, connections, et cetera, across the whole portfolio. How are you managing that data to effectively generate proprietary insights really at the top of the house and then by way of extension maybe across the broader Brookfield Group to help direct you on allocating capital.

Samuel Pollock: Hi, Andrew. That's a very interesting question because it's topical, given all the advances in AI and the ability to scrape and analyze databases that are not organized. That is one of the big uses for AI and it's something that we are looking at very closely. Because as you rightly point out, within all our businesses, we have tremendous proprietary data.

Historically, it's been done more, I don't know, I'm not sure what the right word is, but maybe haphazardly, where we would just get business leaders together and regularly compare notes and try to tie in opportunities. And we've done that successfully, particularly between our renewable group and some of our businesses that are heavy power users, and data being a good example of that. And/or businesses where we would have the ability to leverage new solar technology and capabilities to replace some fossil fuel type generation.

So that's where I would say we've done a really good job in the past and I think we've done a reasonable job with the real estate group where we've been able to find synergies between many of our metering businesses, in particular, and district energy businesses and the real estate group.

What I think the next level is though and what you're touching on, is where we can take advantage of the 14.5 million customers we have in our demand decarbonization business and understand the buying patterns that exist within all those markets that they touch.

And within our Triton investment, being able to take advantage of the movement of boxes and how that's going to be telegraphing trade flows in the future. And so we are working on how we can institute some AI solutions to all that, but I would say it's early days, but hopefully, that's something in the course and years ahead, we'll be able to brag about and tell you more of what we're doing.

Andrew Kuske: Okay. I appreciate that color, and that's very helpful. And I guess maybe just building upon that, with that potential informational advantage, along with the capital that you've managed to from raise and then also recycle, I would suggest, I am not being patronizing. But your partnership quality is probably the best as ever has been, and when you have these kinds of strategic partners, does that allow you to better tilt and lean into organic growth on a longer-term basis with increased competitive advantages? And I would highlight just some of the activities with Reliance, given the fact that Udhay was also on the call.

Samuel Pollock: The short answer is yes, because as I think you were telegraphing and what I would concur with is, we aim to be a partner of choice for strategics and help them invest in their businesses and where helpful to provide some of our strategic and operating knowledge. Sometimes, we are just providing capital, other times, it's a combination of those 2 things. And whether it's with the Vales' or with the Reliances', with the Intels', I think we cover many different types of strategics, and we are able to grow with them.

Maybe just on the telecom side, I can turn it over to Udhay and he can provide maybe some additional examples. But I think he would concur that we do see lots of growth investing alongside our partners.

Udhay Mathialagan: Yes. I'll probably just add one more point, Sam. I'll probably draw the example of the Indian market where I think we took a view a couple of years ago that the runway in India is quite long in terms of just opportunities for data and just the quality of the infrastructure there is amazing. And the new stuff needed to be built. And as we progress building those partnerships, so what's now happened is we've got three great partners, bringing very, very complementary different skills.

And you're right, Andrew, to point out to Reliance, particularly, in that market. I mean they're large telecom operator, great sort of national infrastructure, combined with real estate and renewable capability. And DLR's global access to customers and data center designs, I think it's just a very, very powerful combination. So that's one example, but I think we are obviously partnering in different places with different counterparts.

Operator: Our next question comes from the line of Will Gu with CIBC.

Will Gu: Just wondering how had the wildfires in Alberta impacted the midstream assets? And if there are any impacts to the HPC ramp-up that you can talk about?

Benjamin Vaughan: Yes. Hi, Will, it's Ben here. I think the question was how are we impacted from the wildfires in Western Canada. And we did have to take two facilities in one of our businesses down for a very brief period of time and it was immaterial from a financial perspective and they're all back up and running today. And there was no wildfire impact at all on the Heartland facility. So I guess that's what happened with the wildfires in Western Canada.

Will Gu: Okay. And one more, if I could. I guess, can you talk about the broad implications of AI on the growth trends and their growth trends on the data center business?

Samuel Pollock: So that's a great question, just to throw over to Udhay. And Udhay, do you want to respond to that?

Udhay Mathialagan: Yes. Happy to, Sam. Thank you. Look, I think I touched on it briefly a bit earlier, AI is just creating some great new opportunities for our data center portfolio, particularly when you look at the way the AI is breaking up data processing for the large learning modules and the way capacity can actually tolerate a bit more latency. And in some cases, we're also noticing that the redundancy requirements for power could potentially be different to general cloud computing.

What it means is, I think, one, the hyperscalers are accelerating, securing capacity. Two, we're seeing some other new players potentially coming in, and it enables us to really leverage the land banks we have to create much larger campuses, which could be slightly away from the center, so lower land costs and being able to combine our renewable energy capabilities and real estate development.

So I think net-net, it is an additional tailwind to the data center sector and also particularly some of the more recent acquisitions of very well-targeted at benefiting from the AI capacity uptake and changed sort of needs from customers.

Operator: I would now like to hand the call back over to CEO, Sam Pollock, for any closing remarks.

Samuel Pollock: Thank you, operator, and thank you to everyone who joined the call this morning. We look forward to sharing more details on our outlook and specific growth plans, particularly related to our Global Data Center platform at our upcoming Annual Investor Day event, which will be held in Toronto on September 21. So we look forward to seeing everyone there. If you can make it, please join us.

We look forward to providing an update on our results next quarter, and we hope you enjoy the rest of your summer. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call and webcast. Thank you for participating, and you may now disconnect.