

Brookfield Infrastructure Partners L.P. (BIP Q1 2025 Results)
April 30, 2025

Corporate Speakers:

- Sam Pollock, Chief Executive Officer
- David Krant, Chief Financial Officer
- Dave Joynt, Managing Partner and Head of Transport Investing

Participants:

- Cherilyn Radbourne; TD Cowen; Analyst
- Devin Dodge; BMO Capital Markets; Analyst
- Robert Hope; Scotiabank; Analyst
- Maurice Choy; RBC Capital Markets; Analyst
- Frederic Bastien; Raymond James; Analyst

PRESENTATION

Operator: Hello. Welcome to the Brookfield Infrastructure Partners Q1 2025 Results Conference Call and Webcast. (Operator Instructions)

David Krant: Thank you, Andrew, and good morning, everyone. Welcome to Brookfield Infrastructure Partners' first quarter earnings conference call.

As introduced, my name is David Krant, and I'm the Chief Financial Officer of Brookfield Infrastructure.

I'm joined today by our Chief Executive Officer, Sam Pollock, and Dave Joynt, Managing Partner on our Investments team and Head of Global Transport.

I'll begin the call today with a discussion of our first quarter 2025 financial and operating results, followed by an update on our strategic initiatives. I'll then turn the call over to Dave, who'll discuss the impact of the U.S. tariff policy on the global economy and the strong positioning of our business. And finally, Sam will provide an outlook and our priorities for the year ahead.

Now at this time I would 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 known risk factors, I would encourage you to review our latest annual report on Form 20-F which is available on our website.

Brookfield Infrastructure had a solid start to the year, delivering consistent financial performance and significantly progressing its capital deployment and recycling initiatives.

First on results. We generated funds from operations, or FFO, of \$646 million or \$0.82 per unit in the first quarter, which normalized for the impact of the foreign exchange was up 12%, ahead of our target and reflective of the strong underlying performance of our business.

In total, results were up 5% over the prior year. This increase was driven by strong inflation indexation, higher revenues across our critical infrastructure networks, the commissioning of over \$1 billion from our capital backlog and the contribution from tuck-in acquisitions completed last year. Results also benefited from the increased utilization at our midstream investments and strong contracting within our data center businesses.

Taking a closer look at our results by segment, our utilities operations generated FFO of \$192 million, slightly ahead of the prior year. FFO would have increased 13% year-over-year when adjusting for currency impact and the impact of capital recycling. This reflects the inflationary benefits embedded within our portfolio and the contribution of \$450 million of capital that we've commissioned into rate base in the last 12 months.

Moving on to our transport segment. FFO was \$288 million compared to \$302 million in the prior-year period. After normalizing for the impact of foreign exchange, results for the segment were in line with the prior year. Despite experiencing some volume contraction across our rail and port businesses, the impact was largely offset by record utilization levels at our global intermodal logistics operation as well as higher volumes and rates across our total road portfolio.

Our midstream segment generated FFO of \$169 million, which was up 8% over the prior year when adjusting for the impact of capital recycling and FX. The growth reflects strong volumes and higher pricing across our midstream assets, particularly for marketed products at our Canadian diversified midstream operation.

We continue to see elevated activity levels across our networks more generally, which is driving strong asset utilization and new commercial opportunities.

Lastly, FFO from our data segment was \$102 million, representing a step change increase of 50% compared to last year. The increase is attributable to strong organic growth in our data center platforms and the contribution from the tuck-in acquisition of a tower portfolio in India that closed in the third quarter of 2024.

In addition to the strong financial operating results, we've also made excellent progress on our strategic initiatives to start the year.

Starting with capital recycling, we have now secured \$1.4 billion of sale proceeds to start the year, which has helped us maintain our conviction around delivering on our \$5 billion to \$6 billion asset sale program.

This month, we signed an agreement to exit our Australian container terminal operation, which will result in proceeds of \$1.2 billion or approximately \$500 million net to BIP. During our nine-year ownership period, the business more than doubled its EBITDA and is now the largest and lowest container terminal operator in the Australian market. Reflecting on the quality of the business, our exit multiple is approximately 18 times EBITDA, and we generated a strong IRR of 17% and nearly a four times multiple of capital. We expect the transaction will close in the second half of the year, subject to customary closing conditions.

Also during the quarter, we completed the previously announced sale of a minority stake in a portfolio of fully contracted containers held in our global intermodal logistics operation, which generated over \$120 million net to BIP.

We remain on track to close the remaining assets sales that we've announced this year, which include a 25% interest in our U.S. gas pipeline that will generate proceeds of \$400 million net to BIP, as well as the sale of an initial 30% interest in a 244-megawatt portfolio of operating sites at our European hyperscale data center platform.

Now at the same time our new investment pipeline remains robust, and we expect it will continue to grow.

We recently secured the \$9 billion acquisition of Colonial Enterprises, which operates the largest refined products pipeline system in the United States and spans 5,500 miles between Texas and New York. This equity investment is expected to be approximately \$500 million and the transaction closing is expected in the second half of the year.

This acquisition checks all of the boxes with respect to our established energy investment criteria.

First, Colonial has strong utilization with a competitive market position. The acquisition represents a rare opportunity to invest in a high-quality energy infrastructure asset that forms part of the backbone of the U.S. economy.

Second, we acquire for value, generally well below replacement cost. Colonial was purchased at a transaction multiple of approximately nine times EBITDA.

Third, the asset is highly cash generative to provide a quick return of capital. Colonial is a mid-teen going-in cash yield that is expected to increase over time which results in a seven-year payback period expected for an investment.

And lastly, there was minimal value paid for the growth or opportunity to transition the asset. The value we paid is largely for the in-place assets with conservative assumptions around terminal value and utilization profile over time. The cash flow profile for this business is highly stable and resilient, supported by a transparent regulatory framework and direct inflation linkage.

Now with that, that concludes my remarks for this morning.

I'll turn the call over to Dave Joynt, who will discuss the U.S. tariff policy and the impacts on our business.

David Joynt: Thanks, David. And good morning, everyone.

The evolving tariff and trade situation has created economic uncertainty that is manifesting itself in many parts of the market.

While it is impossible to predict what will happen with any precision, we did want to share our perspectives on what we're seeing, what impact, if any, this could have on our operating businesses and what opportunities this period of turbulence could create for us.

In short summary, as owners of large-scale, irreplaceable and highly-contracted infrastructure businesses, we are more insulated than most.

Our assets are comprised of regional networks and systems that facilitate the flow of goods, commodities, energy, data and people for which we charge a usage fee.

We do not, for the most part, produce or sell goods that are subject to tariffs, and thus, will not experience any direct or immediate material impact. However tariffs and trade tensions could have second or third order impacts, which are worth considering.

First, there is a question whether this could all create inflationary pressures. Should this transpire, we fully expect to be able to pass-through any increased costs to end users throughout the contractual frameworks or the underlying pricing power of our businesses. This is something we have demonstrated in the recent past.

Second, there's a question about our exposure to global trade. This is most prevalent in our transport networks, which represent roughly 40% of our FFO. However when you examine our operations, our focus on long-term contracted cash flows means that we have very little exposure here.

For example, the three largest businesses in our Diversified Terminals sub-segment make up about half of our Transport segment's FFO and have little to no immediate correlation with GDP. Our U.S. LNG and Australian export terminals derive the majority of their revenues from long term, take-or-pay contracts.

Our global intermodal logistics operation has a seven-year weighted average contract term, is operating close to 99% utilization, and has strong operational flexibility. If global trade slows, the business will organically right-size its fleet by selling end-of-life containers into the secondary market, something which it does every year. This means the business could harvest cash and maintain high utilization rates.

Further, the business has derisked its growth profile for the year, having secured the acquisition of a high-quality portfolio of fully-contracted containers at higher rates than would otherwise be available in the market today. The acquisition represents approximately 6% growth to the business's existing fleet and is entirely self-funded.

Finally, there is a question about input costs for our major capital projects. We view this risk as manageable as we have proactively built diversified supply chains for our critical inputs. For our development plans in the U.S. including new data center projects, we have either locked-in construction costs or have components that are locally sourced. Our international businesses likewise have the ability to source locally or are in jurisdictions not imposing tariffs on imports.

In closing, I would only add that some of our best investments historically have been made during periods of dislocation. Market uncertainty and volatility often create ripe conditions requiring assets below their intrinsic value. Take-private transactions can be done at attractive entry points or public companies can become open to asset sales or carve outs.

At the same time many buyers of assets stay on the sidelines, grappling with the uncertainty of the moment, which reduces the competition for new acquisitions. Those with long-term conviction and strong access to capital, such as Brookfield Infrastructure, stand to benefit from these moments.

I'll now pass the call over to Sam.

Sam Pollock: Thank you, Dave. And good morning, everyone.

I'm going to make just a few brief comments about our outlook and objectives for the year, and then we'll open the line for questions. As Dave just mentioned, the developing situation around U.S. tariff policy is creating some market uncertainty.

However, a hallmark of our business has always been the ability to cut through the headlines and market noise, focusing on strategy and execution.

While the market and economic landscape may be turbulent due to these ongoing policy shifts and global trade dynamics, our base business will remain resilient.

We have a strong balance sheet and stable cash flow that is highly contracted and inflation indexed. This gives us confidence in our ability to navigate these challenges, while thinking strategically about the years ahead.

Our three primary business objectives for the year are clear. The first is to deliver organic growth within our businesses by executing new capital projects on time and on budget, while replenishing them with higher-returning and lower-risk opportunities.

We'll continue to diversify our supply chain and minimize our exposure to cost overruns through turnkey construction contracts and structuring revenue contracts with a known cost profile.

The second objective is to advance our large pipeline of new investment opportunities, ensuring that we maintain a long-term view while being bold when the right opportunity presents itself.

We are at a moment in time where all 3 megatrends driving new investments are strengthening. Digitalization and decarbonization have been central to our recent deployment, and the current environment of U.S. onshoring of manufacturing is expected to surface significant investment opportunities around deglobalization. A long-term investment horizon spanning multiple years, if not decades, will be required for each of the megatrends, fueling the infrastructure super cycle and improving visibility to a backlog of new M&A opportunities.

And our third objective is to deliver on our stated objective to monetize \$5 billion to \$6 billion of de-risked and core assets over the next two years to entirely self-fund our new investments.

As David mentioned in his remarks, we've had great success so far this year with \$1.4 billion already secured, and we have several advanced processes underway that will get us closer to our goal. Despite the uncertainty that exists in the market that may cause some buyers to pause new M&A, we benefit from diversity both in terms of sector and geography, as well as an extensive asset monetization toolkit that has a proven track record of being successful.

We are confident in our ability to successfully achieve our objectives.

Our consistent approach to capital allocation since our inception, along with an experienced management team, provide us with the confidence to emerge from this period even stronger.

This concludes my remarks.

And so, I'll pass it back to our operator, Andrew, to open the line for Q&A.

QUESTIONS AND ANSWERS

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

Cherilyn Radbourne: Thanks very much. And good morning. Understanding that it may take some time for the new terms of trade to emerge, can you elaborate a little more on the

flexibility that you have to reprioritize the M&A pipeline, and also the asset recycling pipeline, as appropriate?

And I guess also, how you instruct your teams on the ground to react as far as outreach in regard of developing situations and that sort of thing?

Sam Pollock: Hi, Cherilyn. This is Sam. I'll take that question.

Look, I think one of the strengths of our business is the fact that we have investment teams operating all the way around the world.

So it's always been a constant exercise to filter opportunities on a regular basis and move capital to where we can get the best risk-adjusted returns.

Today, we probably still have a disproportionate amount of opportunities in the U.S., which we're fine with. We think that's a, from a long-term perspective, the deepest and most liquid investment market in the world, and we take a long-term view. But, as opportunities change and capital moves to different markets or away from markets, we'll take advantage of those money flows and move our capital to where capital is scarce and get the best returns.

I think we've always done that over the years, and we'll continue to look to do that.

Cherilyn Radbourne: In terms of the potential for public to private opportunities to emerge in an environment like this, is your view that some of that has occurred already?

Or are you sort of being patient to see how much further repricing may be necessary in the public markets?

Sam Pollock: Look, the opportunities on public to privates, probably more often than not, arise because of micro issues. What I mean by that is company-specific issues, not necessarily just general market conditions. I mean sometimes you can get a general downdraft and that could open up opportunities.

But more often than not, it's individual situations that arise. And so, we have a big screen that of all the companies in our sectors that we monitor. And usually, people get themselves into trouble when they have poor liquidity or haven't managed their balance sheet and then the capital markets become tight and then they can't finance themselves. So, we look for that type of dynamic.

I think today, we saw, I guess, some pullback in the credit markets more recently. For the most part though, for the last period of time the credit markets have been very robust and open, and we'll see how things unfold over the next little while.

But I think the conditions for public to privates are maybe slightly better than they were last year, but I wouldn't say materially different than other points in time.

Cherilyn Radbourne: That's great color. That's all from me. Thank you.

Devin Dodge: Thanks. Good morning. I want to start with a question on data centers. We've recently seen one of the large tech companies pull back on data center related investments. Obviously, there's a lot more that are still moving ahead.

But from Brookfield's perspective, have you seen any meaningful changes in that demand environment in 2025, just across your data center platforms, either in the operating business or in the development pipelines?

Sam Pollock: Hi, there, I'll tackle this one.

You're right. I think look, there's been kind of a highly-publicized pullback from one particular hyperscaler. But for the most part, leasing demand has remained relatively consistent.

On the retail colocation side, in fact, we've had record bookings for multiple quarters in a row, and we still have a significant backlog of contracted projects in our hyperscale development business. And so, the visibility on the growth in that business is still very, very high.

I think what has happened, I think is probably positive to a certain extent with just the noise around that particular hyperscaler, because I think there has been a risk that new entrants may come into the market who are undisciplined and build spec space. I think this helps reduce some of that potential and help keeps the market more disciplined.

So I think on the whole, it's probably a positive dynamic and we've seen other hyperscalers step-up and continue to grow their businesses. In summary, in the medium to long term, our view is that the trend towards significant new capacity hasn't changed, and we remain optimistic for the business.

Devin Dodge: Okay excellent. Thanks for that. And then, maybe just to finish up with a couple of quick ones on the Intel JV. Like, I think last week, I think Intel lowered their CapEx for their in-progress construction projects. Just wondering, first, is there any read-through to the JV with Brookfield?

David Krant: Hi, Devin, it's David here.

Look, obviously, I think we can't comment on their announcements, but we haven't seen any impact to our JV and everything continues to progress as you'd have seen in our letter according to our plans.

So no, we haven't seen an impact.

Devin Dodge: Okay. And the second one on the Intel JV, just there was mentioned in the letter about a bond issue, it effectively completes the refinancing of the entire project. I think that was noted better than expected spreads. Just wondering, can you speak to where those spreads are versus the underwriting assumptions? And what are the remaining risks for that investment?

David Krant: Yes. Look, I think we highlighted at the beginning that the main risk for our investment was going to be around the takeout of our acquisition financing. So, we're thrilled to have completed our program this quarter with the over \$5 billion financing that we did.

In terms of the credit spreads, as you said, it was within our underwriting and well below what we'd expected. So that should be accretive to our returns as we look ahead as well.

So no, I think we're thrilled with where we are today. And as I said, the project continues to go as planned.

Devin Dodge: Okay. Excellent. I'll turn it over. Thank you.

Robert Hope: Good morning, everyone.

Maybe on the Transport business, can you walk us through the rationale on the roughly \$1 billion tuck-in at Triton? When you think about kind of the uncertainty out there, were you happy with the price and the underwriting assumptions? Or maybe just walk us through how you thought about that investment?

Dave Joynt: Hi, Robert, it's Dave here. I'll take that one.

Maybe just a little bit of color, then I'll talk specifically about the acquisition. Triton is a business that is always making decisions on how it wants to deploy capital. It has the option to build new containers at attractive prices and put them on to long-term leases, or it can acquire portfolios of containers that are already contracted up.

So with respect to the one that we have just secured, what attracted us to this was this was a business that had 99%+ utilization on over six years of weighted average duration at market prices or the prices on the underlying contracts that are higher than are available in the market today.

So what we would say is that we've been able to acquire that business at a more accretive level than we would have if we had just built containers and put them out into the market.

And so, that was sort of the rationale for the acquisition, and I think we feel very comfortable with where we've priced it and how it will perform.

Robert Hope: All right. Appreciate that.

Then, maybe, sticking with the containers, just given the slowdown in movement between China and the U.S., are you seeing continued demand for the containers as shipping lanes are being rerouted? Or are you seeing some slowdown in kind of the contracting discussions?

Dave Joynt: Yes. And maybe one potential misconception that people might have about it is that we are not exposed to near-term changes in trade flows or movements. This is a contracted business. So Triton has close to 99% utilization, has a seven-year weighted average contract duration. But the color I would give you is even with the noise going on at the moment, we are completing re-contracting with our customers at very attractive rates.

So despite what's going on, customers are hanging on to the boxes that they have in anticipation of goods moving in the future.

So no, at this point in time I wouldn't say we're seeing any deleterious impacts on our business.

Robert Hope: Okay. I appreciate the color. Thank you.

Maurice Choy: Thank you. And good morning.

Wanted to discuss the potential that you may have if we do see some onshoring of manufacturing to the U.S. In the letter, you mentioned that this may create new investment opportunities in transportation, utilities and energy infra.

I know you profiled the opportunity for Genesee & Wyoming in the letter, but could you share other opportunities as well that you are thinking of?

Sam Pollock: Hi, Maurice. Maybe I'll start with that one, and Dave, if you want to jump in, as well, from inside of their various businesses.

So obviously, opportunities are both organic and inorganic. I think the focus for us, from an inorganic perspective, so meaning M&A opportunities, is really to look at situations where companies are looking to bring new manufacturing back to the U.S. and we can provide capital not dissimilar to what we did with Intel, as these are large-scale transactions.

And our view on that is that this is typically going to be for more critical industries such as semiconductors as well as batteries, solar panels, those sorts of things. So things that are in the interest of Western nations to bring back.

In addition to that, obviously, that we think that there could be additional investments at various ports where they could see renewed activity because of some of the changing flows. And so, we're monitoring some of those opportunities.

And then, I think the other big opportunity we've seen around deglobalization has been energy infrastructure. So this is where countries are looking to diversify their sources of energy. And we've seen multiple opportunities to invest in LNG and other related type of assets. So, that's the focus right now.

And then, I don't know Dave, you want to talk about within our businesses where we see things.

Dave Joynt: Yes. I would only add to probably a little bit of color for it is our North American Rail business is present in almost every U.S. state. So to the extent that there is an increase in domestic industrial activity, we stand to benefit that by virtue of being able to serve the movement of that traffic and those supply chains in and around North America.

And then, to just to expand a bit on Sam's point with respect to energy infrastructure, in particular with our Canadian businesses, any change in the flow of where molecules and commodities are going to be moving is going to require additional capacity.

And we're in a great position with great assets to be able to help with that.

Maurice Choy: Thanks. And just finishing up with that same theme of Canadian energy infrastructure, it looks like the NEBC Connector construction may begin in the middle of this year. Given the commodity price environment, can you speak to the profile of the contracts for the project and how this project ties into your broader, I guess investment thesis for NorthRiver or Inter Pipeline?

Dave Joynt: Yes. Hi, this is Dave again.

Overall, what I'd say is that we are not undertaking our projects in any sort of speculative basis. These are underwritten contractual obligations that we're underwriting to put these projects in the ground.

And the project you described is one of a large pipeline of opportunities that we're seeing at the moment. None of these projects are mega projects. They're all very manageable within our existing execution capability and within our existing networks. We feel very comfortable about our ability to execute against those.

And then, in terms of your question about the current environment, I would say, in particular, with respect to gas, I would say the medium-term outlook here continues to be very strong, driven by a couple of forces. Number one is just an increase in energy demand overall and that's being driven by data centers, that's being driven by electrification and a number of things that is just putting the requirement for more gas to go into the grid.

And then, number two is the addition of LNG export products means that more product needs to move to those export facilities but is also bullish for domestic prices.

Maurice Choy: Got it. Thank you very much.

Frederic Bastien: Hi. Good morning. I'd like to build on one of Cheryl's questions.

During the market panic that followed the COVID pandemic announcement, you were quite active taking toehold positions in publicly-traded stocks and that ultimately paved the way for the IPL privatization.

I was wondering if you were able to be as opportunistic earlier this month when that Liberation Day created some fire sales out there in the market.

Sam Pollock: Hi, Fred. Look, I think we generally don't comment on our market activities.

I think the only thing I would say is we haven't made significant investments in the market in the last little while. But, in general, I think I'll leave it at that.

Frederic Bastien: Okay. In terms of, on a go-forward basis, when you're looking at your pipeline of opportunities, is it still well spread out across segments or is there a particular platform where you believe you're going to see better growth?

I know I mean, obviously, data is a big focus of yours but wondering if there are other opportunities beyond that particular platform. Thank you.

Sam Pollock: Yes. Hi, Fred.

So I would say, similar to what we said last quarter, our pipeline is as strong as it's been in a number of years. So it is very deep, and we have a couple of smaller as well as a couple of larger initiatives that we're pursuing.

Obviously, it's hard to say if we'll be successful on them, but we feel that in this market environment, we probably have a better chance than normal because others are maybe taking a bit of a pause. And as I mentioned earlier, I think there's probably still a slight disproportionate weighting towards the U.S., but we are seeing a number of opportunities surface in Europe as well as Asia.

And as far as sectors, I think that was the other part of your question, digitalization is still the larger theme of all of them, but we do have, obviously, Colonial being a good example of a large infrastructure asset that we looked at. There's still some others that we are looking at. There's a few in the transport sector that we currently have in the pipeline that we hope to complete soon. So, I'd say it's relatively balanced, but maybe slightly skewed to data.

Frederic Bastien: Okay. No surprises there. Thanks, Sam. Appreciate your comments.

Operator: I'm showing no further questions at this time. So with that, I'll hand the call back over to Chief Executive Officer, Sam Pollock, for any closing remarks.

Sam Pollock: Okay. Well thank you, Andrew.

I'd like to thank everyone who joined our call this morning. We hope everyone is going to enjoy the warmer weather if you're in our part of the world here, and although today it's kind of cold in Toronto.

But we look forward to providing you further updates next quarter and hope everyone has a good start to the summer. Thank you.