

Brookfield Infrastructure Partners (Q2 2025 Results)
July 31, 2025

Corporate Speakers

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

Participants

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

PRESENTATION

Operator: Welcome to the Brookfield Infrastructure Partners Second Quarter 2025 Results Conference Call and Webcast.

David Krant: Thank you, Liz. And good morning, everyone. Welcome to Brookfield Infrastructure Partners' second quarter 2025 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 Brian Baker, an operating partner responsible for managing our Canadian midstream franchises. Also joining us today are Ben Vaughan, our Chief Operating Officer; and Dave Joynt, our Managing Partner in our transportation business.

I'll begin the call today with a discussion of our second quarter financial and operating results, followed by an update on our capital recycling initiatives. I'll then hand the call over to Brian, who will discuss the positive outlook for Canada's energy sector. And finally, Sam will provide an update on our recent new investments and conclude with an outlook for the 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 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 another strong quarter, delivering stable and increasing financial results as well as making significant progress on its capital deployment and recycling objectives.

First, on results. We generated funds from operations, or FFO, of \$638 million or \$0.81 per unit in the second quarter, up 5% compared to the previous year.

This result improves to a 9% increase when excluding the effects of foreign exchange, highlighting the strength and stability of our underlying base business performance. The increase was primarily driven by strong organic growth above our target range as well as contributions from tuck-in acquisitions completed in the prior year.

Taking a closer look at results by segment, our utilities generated FFO of \$187 million, slightly ahead of the prior year. Results benefited from inflation indexation, along with contributions from approximately \$450 million of capital added to the rate base. The strong underlying performance was partially offset by the sale of our Mexican regulated natural gas transmission business that closed in the first quarter of this year.

Moving to our transport segment. FFO was \$304 million. After adjusting for capital recycling initiatives and foreign exchange, results were slightly ahead of the prior year as well. The solid underlying performance was supported by high asset utilization at our global intermodal logistics operations, continued volume strength at our rail and ports businesses and increases in both traffic levels and rates on our toll roads.

Our midstream segment generated FFO of \$157 million, representing a 10% increase over the same period last year, driven by strong organic growth across our franchises. In particular, our Canadian diversified midstream operation performed well due to higher customer activity levels and strong asset utilization. In a moment, Brian will speak to the strong momentum we are continuing to experience across the Canadian midstream operations.

And lastly, FFO from our data segment was \$113 million, representing a step-change increase of 45% compared to the prior year. This growth was driven by the contribution from a tuck-in acquisition of a tower portfolio in India completed last year, along with the commissioning of newly built capacity and initiating new billings across our data center platforms.

In addition to our solid operating results, we continue to demonstrate strong execution of our capital recycling strategy to self-fund our growth. We have secured \$2.4 billion of sale proceeds to date this year, already achieving an annual record for BIP with several incremental sales processes in the queue for the second half of the year.

Included in this total are four recently secured asset sales. The first is the sale of a 23% interest in our Australian export terminal, the world's largest metallurgical coal export facility. We acquired our interest in the business in 2010 and partially exited our investment in 2020 through a public listing in Australia.

Since then, we have achieved several key value-creation milestones including extending contract durations and simplifying our tariff schedule. This sale was completed in June and resulted in

approximately \$280 million in proceeds. We have realized a cumulative return of 22% and a multiple of capital of 4x, while still retaining a 26% interest in the business.

The second is the secure sell-down of an incremental 60% stake in a 244-megawatt portfolio of operating sites at our European hyperscale data center platform. This results in an additional \$200 million in proceeds and finalizes our planned sell-down of 90% for total proceeds of approximately \$300 million net to BIP. We expect to fully complete the transaction in the third quarter of this year.

The third sale is a further 33% divestiture in a portfolio of fully contracted containers at our global intermodal logistics operations, replicating the prior sale under the same established framework. We expect incremental proceeds to be approximately \$115 million with closing anticipated in the third quarter of this year. We have now sold approximately two-thirds of this portfolio and generated over \$230 million in net proceeds to BIP.

Finally, we agreed to terms for the partial sale of our U.K. port operation, which will generate approximately \$385 million of proceeds and deliver an IRR of 19% and a 7.5x multiple of our capital.

Since acquiring a 59% interest in 2009, we have successfully completed a comprehensive modernization of the port's operations, which included expanding the infrastructure to service large vessels and attracting new long-term contracts. These value-creating initiatives resulted in EBITDA tripling during our ownership so far. The transaction is expected to close in the fourth quarter of this year, after which we will own a 25% interest in the business, which allows us to participate in the next stage of growth in a highly strategic infrastructure asset.

That concludes my remarks for this morning. And I'll now turn the call over to Brian, who will highlight the attractive backdrop for Canada's energy sector.

Brian Baker: Thank you, David. And good morning, everyone.

Canada's energy industry is benefiting from several trends that support growth and strengthen the outlook for the sector in the coming years. This positive backdrop, in turn, benefits BIP's three Canadian midstream businesses relating to new investment opportunities, higher levels of organic growth and more optionality at exit. The Canadian government is focused on energy security and diversifying its trade relationships. This alignment provides support to five key trends that collectively underpin our positive regional midstream sector outlook.

The first is the strong demand profile for Canadian energy. Countries are increasingly seeking out diversification of energy supply, which is creating new demand for Canadian energy internationally. At the same time investment in artificial intelligence is creating massive demand for electricity locally.

For example, Alberta has approximately 12 gigawatts of requested power demand from data centers, up from 200 megawatts only a few years ago. This would represent a doubling of the province's current peak energy demand.

Second is that there is improved end market diversification. Several key Canadian infrastructure projects have recently been completed to enhance global market access. One of these projects, LNG Canada, is set to ramp up production over the next 12 months with a potential second phase under consideration that could double its capacity. Several other LNG projects are also on track to add over 5 million tons per annum of export capacity by the end of 2028. Third, Canada has a highly economic resource.

Our assets are strategically positioned near some of the most abundant and economically attractive resource basins in North America with decades of future production potential. The Montney, for example, has 80 to 90 years of remaining gas resources at a production rate that is almost 40% greater than what is being produced today. These reserves ensure Canada will be cost competitive globally, offering domestic producers attractive returns that incentivize production growth.

The fourth is social license. Public support for the responsible development of Canada's energy resources and associated infrastructure has improved considerably across the country. This presents a significant opportunity to further align the country's economic interest with its natural resource advantages. It reinforces the case for continued investment in the midstream sector by established operators like us that have a strong operating track record, prioritizing safety and sustainability.

And fifth, we are seeing improved investor interest. Strategics, financial investors and international investors have all expressed interest publicly to invest more capital in the Canadian energy sector given the critical nature of Canadian midstream assets, its world-class operating track record and attractiveness of the resource basin.

We expect to directly benefit from all of these trends across our Canadian midstream portfolio with leading franchises across transportation, gathering and processing and natural gas storage. Specifically, our natural gas gathering and processing business has experienced a 15% increase in utilization to approximately 85% over the past two years. We have simultaneously executed longer-term contracts that have improved contract duration by more than two years to reach 11 years on average.

Our long-haul transportation pipelines are experiencing a resurgence of new commercial interest with over C\$90 million of contracted EBITDA coming into service in the next six months and a large pipeline of new connection opportunities that are all incremental to our underwriting at very attractive build multiples. In the last two years, our North American gas storage operation has benefited from contracted capacity and rates increasing to the highest levels we experienced during our ownership.

We expect the lengthening of contract duration and higher rates to persist as storage demand continues to rise in support of new gas production, the build-out of Canadian LNG export capacity

and other sources of demand. These commercial benefits that can be realized with no incremental capital investment will further contribute to the business' high free cash flow conversion.

These are just several examples of the positive impact that has been experienced so far within our business. We're equally enthusiastic about the strong growth outlook across the Canadian midstream franchise.

At our two largest midstream platforms alone, we expect EBITDA growth of C\$650 million to C\$750 million between 2024 and 2027 with further upside related to approximately C\$2 billion of identified organic growth projects that are being advanced and not currently in our backlog.

While these benefits accrue to our in-place franchise, we are excited by the momentum in the Canadian midstream sector as we aim to continue investing to acquire new platforms, develop new infrastructure projects and ultimately deploy our large-scale and flexible capital at strong risk-adjusted returns. That concludes my remarks for this morning, and I'll now pass the call over to Sam.

Sam Pollock: Thank you, Brian. And good morning, everyone. As David mentioned in his opening remarks, we've deployed significant capital so far this year, securing three new investments including transactions in our data, transport and midstream segments. Combined, these acquisitions represent \$1.3 billion of capital deployment for BIP.

Most recently, we signed an agreement to purchase Hotwire, a leading provider of bulk fiber-to-the-home services that develops, builds and operates regional fiber networks that serve residential communities in key growing markets in the United States. The company employs a differentiated strategy focused on securing bulk fiber agreements with homeowner associations, providing 100% of residences in the communities with critical fiber services.

These services are underpinned by a long-term, take-or-pay and inflation-linked contract with 100% contractual renewal track record. The Hotwire platform has over 300,000 billing customers, a significant contracted backlog and credible growth potential through an addressable market of over 12 million homeowner association units within its footprint.

We expect this growth will be entirely self-funded. Closing is expected late in the third quarter with an equity purchase cost of up to \$500 million at our share.

In May, we entered into an agreement to acquire a leading railcar leasing platform in partnership with GATX, a best-in-class railcar lessor. The portfolio is the second-largest railcar leasing platform in North America with a critical, highly diversified and large-scale transportation network of over 125,000 railcars that are 98% utilized. The business is highly cash generative, providing stable cash flows that are supported by diversified and largely investment-grade customer base. The transaction is anticipated to close in the first quarter of 2026, hopefully a bit sooner, with an equity contribution of about \$300 million to our share.

And then this week, and in fact, today, we are closing the \$9 billion acquisition of Colonial, the largest refined products pipeline system in the United States, with 2.5 million barrels per day of capacity spanning 5,500 miles from Texas to New York. This acquisition was completed at an attractive transaction multiple of around 9x EBITDA.

We expect to benefit from a mid-teen cash yield, resulting in a 7-year payback period. Near-term efforts will be focused on business integration and initiating our value-creation activities. BIP's equity consideration is approximately \$500 million.

Now as we look ahead, we are experiencing strong momentum across our business. We believe the three Ds are stronger than ever. And while we've been investing in these transformative trends for many years now the positive impact on our businesses continues to increase.

We see these megatrends, particularly digitalization, as a key driver of the infrastructure super cycle, and we will capture our share of this generational investment opportunity. As we evaluate a large and diverse array of high-quality value-oriented opportunities across our footprint, the U.S. remains one of the most attractive investment geographies at the moment.

However, we're also seeing opportunities emerging outside the U.S. in many of the geographies where we have a significant presence, such as Europe and in addition to that, in several geographies in Southeast Asia, where we set up new regional offices.

So, while the vast majority of our capital recycling and deployment objectives for the year have already been secured, we're now focused on bringing forward sales and new investments into our pipeline so that we get a head start on next year's objectives. This concludes my remarks, and I'll now pass it back to Liz, our operator, to open the line for questions.

QUESTIONS AND ANSWERS

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

Cherilyn Radbourne: So clearly, 2025 has been a very active year for BIP for both new investments and capital recycling. And yet the fundamentals are arguably not that different versus 2024.

So, I'm curious what you think has prompted the acceleration in deal velocity and whether it's something that's specific to BIP or something that is happening more broadly across infrastructure, perhaps simply due to a pent-up demand to transact.

Sam Pollock: Cherilyn, thanks for the question. Yes. It's an interesting observation. I agree, maybe at the operating level of the various businesses, trends have been consistent with the prior year. I think people have had at times more negativity than we've had. We generally have been positive

about operating conditions, and I think we've seen that in our businesses over the last couple of years.

I think last year, there might have been a bit of a lull in transaction activity, as you noted. And I think all I can say is it's probably due to people no longer sitting on the sidelines and coming back into the market to do things.

Because the capital markets were strong last year. They remain strong this year. And there's always been a fair amount of capital on the sidelines, a lot of dry powder, so to speak. And I think it's just a matter of investor dynamics where people are now coming back and doing more.

But all in all, look, we're very optimistic about the current market. And in particular, we feel we're at the nexus of a lot of this activity around AI infrastructure, and it's affecting almost all our businesses in a big way.

Cherilyn Radbourne: That's helpful color. And given the very attractive backdrop that you highlighted for your Canadian midstream businesses, are there opportunities, do you think, to monetize partial stakes in some of those businesses the way that you've done very successfully in many of your other businesses?

Sam Pollock: I'll start and Brian or Ben or Dave can jump in with additional comments. Look, I think there's always various businesses where we might look to partially sell down and return capital. That's just the nature of our business. And so there's always some of those opportunities we're looking out for.

As a whole, though, I would say we're primarily focused on all the organic opportunities that Brian touched on. I don't think we've seen this level of pent-up demand and opportunities as we see today, and so we're quite enthusiastic about that.

But to the extent that we can bring partners in to help us fund some of that growth, that makes a lot of sense, and that's something we're going to do. And we're seeing a lot of interest in the Canadian midstream sector, both from retail investors, but also institutional investors internationally. So I think this is a good time for the Canadian midstream sector.

Devin Dodge: I was going to start with a question on the Intel JV. Look, there's been some leadership changes. I'm sure you saw that at Intel. It's brought about maybe a potential shift in the strategy around its foundry business.

I believe this includes reviewing the viability of producing one of the products that were intended to be made at that fab in Arizona. Just wondering if you could remind us of the protections that Brookfield has in place for this investment and when you expect it to start generating returns.

Sam Pollock: Hi Devin, as we've mentioned in the past and as Intel itself discloses, our arrangement with them is largely financial and contractual in nature. And as a result, we don't take

any commercial risk around any capital cost overruns or commercialization of the various products. And so, it's a relatively simple investment from that perspective as we look at it.

Obviously, we take counterparty exposures, but we feel comfortable with the long-term sustainability of the sector as well as Intel's role as a national champion in the United States. So that's basically the dynamic.

And as far as when we see contributions, we should see it as early as the end of next year. So end of next year, early 2027, you'll see it coming through our results. And otherwise, hopefully that answers your question.

Devin Dodge: That was great, thank you. Second question, I was going to ask you about North American rails. Look, clearly, the Class one railroads are pursuing east-west mergers here. How should we think about the potential impact to Genesee & Wyoming?

Sam Pollock: Well, we anticipated that question might come up, and we have our rail expert, Dave Joynt, who looks after our numerous investments in the rail sector here with us. And so, I won't dare take a stab at it, he knows much more than I do, Dave, over to you.

David Joynt: Thanks, Devin, it's Dave here. Maybe I'll just play out what has transpired and then what the opportunity set is for us. So of course, you would have seen the announcement of the NS and UP merger, which would create the first transcontinental railroad in the United States.

I think it's worth just noting that although the transaction has been announced, it's still subject to a lengthy regulatory review by the STB, and the outcome of that at this point in time is uncertain. What I would say is that the rules that the STB looks at for that merger demand that any merger must be deemed to be pro-competitive in the eyes of customers and shippers across the United States.

So as G&W, we operate as the largest short line operator in the United States with over 100 railroads, providing first-mile and last-mile access to customers. We effectively play the Switzerland role in the entire Class one network. So, we can direct traffic to one or multiple carriers, ensuring that customers have great service.

And so all I would say is that we are probably in a unique position to assist in continuing to keep a pro-competitive market in rail, and we'll look forward to, over the coming months, engaging with both the parties of the merger, but also with the Surface Transportation Board on how we can help.

Maurice Choy: Maybe I'll start off with a comment you've made in the letter about how the U.S. remains one of the most attractive investment geographies at the moment. Just curious if you've seen this leading position for the U.S. expand versus other geographies over the last 3 to 6 months. And also conversely, which seems to be the most attractive geography for asset sales would be interesting to know.

Sam Pollock: Maurice, I apologize. I didn't quite get the first part of your question. I know it was related to the U.S. as an attractive destination. Were you asking why we think that? Or was there another element to it?

Maurice Choy: It's not about why you think that, but also whether or not how the U.S. has gotten more attractive over time versus other countries. Why has that premium view expanded over time?

Sam Pollock: Sure, and look, and it's relatively simple. It's not in the sense that we have a preference over U.S. versus Canada or U.K. or Australia. We like them all.

It really just happens to be that I mentioned earlier that a large part of our businesses are positively impacted by the AI infrastructure boom that's taking place that's driving the need for power, transmission, midstream investments, all those sorts of things. And the U.S. is where the vast majority of the AI deployment is taking place today, and so that's just driving a number of great opportunities that we're able to take advantage of.

We do see that other countries are trying to get their fair share of AI deployment and making sure they have homegrown talent as well and not just be beholden on the U.S. for AI expertise. And so we expect that there will be significant capital deployed in other countries.

In fact, we're focused very much on a number of AI factories around the world, particularly in Europe, and I think that's going to drive future capital deployment for us in those markets. So we do see more deployment taking place in other markets.

You asked a little bit about divestitures. We're monetizing assets in basically every market around the world today. And I think we've seen an appetite in virtually all markets for high-quality, cash-flow-generating infrastructure. There's no real market that I'd say that's in or out of favor. I think most people are just looking for high-quality assets.

Maurice Choy: Understood. And maybe just finishing up on that same theme about the asset sales. Just looking at the four deals that you've secured during or subsequent to the quarter, all four transactions were sell-downs of partial stakes rather than a full exit that we've seen in some past transactions. So, I wonder whether or not this is just unique to each of the sale processes? Or is there something to be said here about buyers wanting to see BIP continue its participation?

Sam Pollock: Yes. It's a good question. I guess, look, I think each situation has its own unique circumstances. I think in some cases, there are some buyers who do want to invest alongside an asset manager like ourselves to continue to drive value. And so that's definitely a consideration.

I think also in some markets, scale of the investment dictates that it gets sold in smaller chunks than in one big fell swoop. And I think it just happens that at this point in time we just had a couple in a row that were like that.

But I think you might see that we have a bunch of others coming down the road where we sold them 100%. So, I don't think you should read too much into it at this stage.

Frederic Bastien: Deal velocity has picked up materially as discussed earlier. And you mentioned in your prepared remarks that you have incremental sales processes in queue for the second half. Is your pipeline of investment opportunities comparable? I mean could we see BIP invest another \$1.3 billion in assets in the back half?

Sam Pollock: I don't usually like to make predictions like that. As you recall we've said over the last, I think, two or three quarters that our pipeline was as full as it's ever been. And obviously I think that's borne out.

Today it's still full, probably not to the same degree as it was in the last couple of quarters. So I think we might see a little bit of a drop in scale of transaction flow. But nonetheless, we do have multiple transactions that we're currently pursuing that I would expect would take place in the next quarter or two.

Frederic Bastien: Okay thanks for that color. Now my second question is around liquidity. You mentioned \$5.7 billion at the end of the second quarter, if you include the sale proceeds that you've secured. Does that include the investments that you've also announced? Or just wanted to get a bit of clarification as what your liquidity position would be on a pro forma with all those deals announced.

David Krant: Yes, Fred, it's Dave here. I can take that one. The \$5.7 billion you referenced was as at June 30. And for the total business, at the corporate level, we had \$2.4 billion of liquidity.

What's not included in that number is the commitments we've made on our new investments, so the \$1.3 billion going out, nor the roughly \$1.1 billion of sales that we've secured, that being the container terminals in Australia, PD Ports, the second sell down of Triton and the stabilized data centers at Data4, none of those have obviously been collected either. So, I'd say we have pro forma relatively a similar amount of liquidity as we look to the balance of the year as we do today.

Robert Hope: So, a healthy portion of the midstream business is gas focused. However, the market's view of oil assets has shifted more positively here over the last couple of years. So, I wanted to get a sense of when you're looking at midstream investments, is it still primarily gas focused? Or could we see some incremental focus on oil assets?

Sam Pollock: Hi Robert, we had the bet of having Brian on the line from Calgary. So, I think this is a good question to throw out to Brian. I mean the short answer is we look at both, but Brian can probably add some more color of what he sees as the opportunities for the next little while. Brian, do you want to jump in?

Brian Baker: Yes. Thanks, Sam. Look, I think as Sam did mention, we do continue to look at assets and opportunities across various commodities. I think from an oil perspective, where we probably see the most opportunity today is investments inside our existing portfolio companies.

We are seeing continued growth from a number of our oil sands customers and them looking at expansions, it's creating the opportunity to look at expansions for a number of long-haul systems that we have today.

So that's probably where from an investment perspective, we see the most opportunity from an oil standpoint. But we definitely see lots of activity across the sector, really driven by new egress opening up, which has created the opportunity for a number of those customers to continue to grow.

Robert Hope: I appreciate that. And then maybe shifting over to kind of data center investment. You did mention AI factories in Europe. But when we're thinking about the go-forward outlook for your investments there, are we seeing the size of campuses increase just given the kind of the tailwinds that we're seeing in the sector? Or should we just continue to assume more of a cluster with a phased expansion?

Sam Pollock: Well, it depends on the customer. I mean we have a particular skill in a number of businesses, we're building campus-style data centers, and we have a number of those land banks for those in place.

But we are a solution provider for the large hyperscalers for some of those significant projects that they're looking to bring on and particularly find power solutions and bring them to service quickly.

So, because we are in that world, it is possible that we may bring in some large-scale projects as well. Those will probably be done on a bespoke basis outside of some of our existing platforms, but that's something that absolutely we're focused on.

Ryan Levine: Can you speak more broadly about your general interest in assets that have both renewable assets and more traditional energy infrastructure? And if you were to pursue that type of deal, how would that work within the Brookfield umbrella?

Sam Pollock: Sorry, Ryan, I missed just one of the words there. What kind of midstream assets were you saying?

Ryan Levine: Not midstream assets. If you're looking at an energy infrastructure company that had both traditional energy infrastructure assets as well as renewable assets, how you could evaluate that within the broader umbrella of Brookfield.

Sam Pollock: I see. Well look, I guess it depends on the situation. To the extent that it's a regulated-type utility that might have an integrated business of both conventional and renewable assets, that might fall within our purview or maybe our super core fund's purview.

But to the extent that it was a business that was similar to some of the opportunities that were being pursued a year or two ago in Australia around transitioning conventional generation businesses, i.e., coal into renewables, then that's something that Brookfield Renewable would likely focus on.

I think the main takeaway, though, putting aside what pocket of capital would fund a particular investment is that within Brookfield, all our groups work very closely together and we're able to leverage the skill sets that exist within the renewable group as well as the skill sets that exist within our midstream and utility businesses to source, originate and complete either large or complicated transactions. And so that's something that takes place often.

And why your question is maybe is a good one is today, we are seeing that nexus where a lot of solutions, particularly for the data center sector are requiring a combination of both conventional fuels, i.e., gas, combined with renewables to complete the powering of the site. So, we are doing that. I think we have the best franchise in the globe for that. And hopefully, that will lead to a lot of transactions.

Ryan Levine: Appreciate that. And then one follow-up, in that vein, there's been headlines around AES. Are there any comments that you're able to make or anything you're willing to share around that potential opportunity?

Sam Pollock: Yes. As you know we don't comment on transactions. And so, there's nothing I can really say about that particular situation.

Operator: That concludes today's question and answer session, I'd like to turn the call back to Sam Pollock for closing remarks.

Sam Pollock: All right. Well thank you, Liz. And thank you for everyone who joined our call this morning in the middle of summer. We hope you've enjoyed it so far and can take some further time off in August.

We look forward to providing you a full update at our Annual Investor Day event in Toronto on September 25. We look forward to seeing many of you there. And in the meantime, take care. Thanks.