

Brookfield Infrastructure Partners (Q3 2025 Results)
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Corporate Speakers:

- Sam Pollock, Chief Executive Officer
- David Krant, Chief Financial Officer

Participants:

- Maurice Choy; RBC Capital Markets; Analyst
- Devin Dodge; BMO Capital Markets; Analyst
- Patrick Sullivan; TD Cowen; Analyst
- Frederic Bastien; Raymond James; Analyst

PRESENTATION

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

David Krant: Thank you, Josh. And good morning, everyone. Welcome to Brookfield Infrastructure Partners' third 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, as well as Ben Vaughan and Dave Joynt, who will be available for the question and answer portion of the call.

I'll begin today with a discussion of our third quarter 2025 financial and operating results, followed by a discussion of our financing activity and strong balance sheet position. I'll then hand the call over to Sam, who will provide an update on our strategic initiatives and conclude with an outlook for the business.

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 another solid quarter, achieving strong financial results and executing on our strategic initiatives. Beginning with our financial and operating results, we generated third quarter funds from operations, or FFO, of

\$654 million or \$0.83 per unit. This was 9% higher compared to the previous year, driven primarily by strong organic growth, highlighting the financial strength and stability of our base business.

These results were delivered despite FFO contributions forgone following a year of record asset sales and only a partial contribution from the new investments we've made.

Turning to our results by segment. Our Utilities generated FFO of \$190 million, slightly ahead of the prior year. Results benefited from inflation indexation in addition to contributions from over \$450 million of capital added to the rate base. The strong underlying performance was partially offset by higher borrowing costs and the sale of our Mexican regulated natural gas transmission business in the first quarter of this year.

Moving to our Transport segment. FFO was \$286 million for the quarter. Headline results are lower than last year due to the sale of our interest in our Australian export terminal, DBI, and the sell-down of stabilized containers within our global intermodal logistics business.

After adjusting for these capital recycling initiatives, our results were slightly ahead of the prior year. The solid underlying performance reflected strong volumes across our networks and rate increases on our rail networks and toll roads. Our Midstream segment generated FFO of \$156 million, representing a 6% increase over the same period last year.

We experienced strong customer activity levels and asset utilization across our portfolio, particularly at our Canadian diversified midstream operation. Notably, we completed the acquisition of Colonial Enterprises this quarter. The partial earnings contributions were offset by the lost income associated with the sale of our U.S. gas pipeline in the second quarter of this year.

Lastly, FFO from our Data segment was \$138 million, representing a step change increase of over 60% compared to the prior year. The increase is driven by a full quarter contribution from the tuck-in acquisition of a tower portfolio in India, completed last year, as well as strong organic growth across our data storage businesses.

This growth included income earned by our developers, the commissioning of 80 megawatts of capacity at our hyperscale data centers and 45 megawatts of new billings initiated at our U.S. retail colocation data center operation.

Before turning the call over to Sam, I'd like to provide an update on recent financing activity. Debt capital markets remained favorable during the quarter, with significant new issuance activity and further tightening in credit spreads.

During the period, we completed financings to enhance our liquidity, support growth initiatives and refinance near-term maturities. This included a \$700 million corporate issuance of medium-term notes in September. The issuance had a weighted average interest rate of approximately 4% and was priced at the tightest credit spreads in our history.

As a result of our proactive approach to refinancing, less than 1% of our non-recourse debt is maturing over the next 12 months. We maintain a well-laddered maturity profile with a weighted average maturity of approximately seven years.

Our balance sheet remains well capitalized with liquidity at the end of the third quarter totaling \$5.5 billion, which includes \$2.5 billion at the corporate level and over \$1.4 billion in cash across our operating businesses. This strong liquidity positions us with the confidence to pursue a variety of growth opportunities as they arise. That concludes my remarks for this morning. I'll now turn the call over to Sam.

Sam Pollock: Great. Thank you, David. And good morning, everyone. For my remarks today, I'm going to provide an update on our transaction activity, and then, I'll conclude with an outlook for our business. Now starting with investments.

We've already met our deployment objective for the year, securing six new investments totaling over \$1.5 billion. This quarter, we secured three new investments across diverse regions and sectors, whereby BIP will deploy approximately \$225 million in total.

The first investment is a \$1.3 billion enterprise value New Zealand natural gas infrastructure operation. The business primarily operates a leading gas transmission, distribution and storage business that is comprised of regulated and long-term contracted revenues with inflation indexation. This value-based acquisition is highly cash generative, resulting in a short payback period of approximately seven years. We expect the transaction to close in the second quarter of next year, subject to customary regulatory approvals.

Now the second acquisition is a \$1 billion enterprise value company that is a South Korean industrial gas business that supplies industrial gases to industry-leading and investment-grade semiconductor manufacturers. The majority of the business is underpinned by 20-year minimum take-or-pay offtake agreements with significant cost pass-throughs. This transaction is expected to close later this quarter. And then lastly, we've secured our first AI-related project under a newly established \$5 billion framework agreement with Bloom Energy to install up to 1 gigawatt of behind-the-meter power solutions for data centers and AI factories.

This project provides a hyperscale customer with 55 megawatts of behind-the-meter power for an AI data center in the United States.

Now with respect to capital recycling, the momentum in our asset sale program has continued. During the quarter, we progressed a number of initiatives, and we've now generated over \$3 billion in proceeds for the year and are on track to achieve a further \$3 billion over the next 12 to 18 months.

One of the most significant asset sales completed in mid-October was the partial sale of our North American gas storage platform in what is the largest IPO in the TSX since May of 2022.

In total, we raised C\$810 million, and BIP's share of the net proceeds from the offering was approximately US\$230 million.

Since the formation of Rockpoint, which is our natural gas business, which was done through a series of acquisitions, EBITDA has grown by more than 4x, driven by operational improvements and favorable market fundamentals.

As a result of various strategic initiatives, which enhance the stability and quality of earnings, along with the sale of two non-core assets in 2023, we have now realized a 3.2x multiple on our invested capital, while continuing to own a significant interest in the business.

Now the outlook for Brookfield Infrastructure for the balance of the year and looking into next year remains favorable.

As mentioned at our recent Investor Day in September, we believe BIP is at an inflection point in its growth profile. Each of our new investments this year is expected to deliver returns above our 12% to 15% target range, and it's backed by credible business plans that support potential upside returns over 20%.

We also have a robust pipeline of new investment opportunities across each of our existing segments, driven by the long-term megatrends that we've talked about many times in the past of digitalization, deglobalization and decarbonization.

We're also seeing a significant new growth vertical emerging from the rapid build-out of AI infrastructure, a \$7 trillion opportunity set that remains in its early stages and continues to expand.

We expect to deploy up to \$500 million annually into AI-related infrastructure in the coming years with AI factories and behind-the-meter power solutions representing a natural compelling extension of our investment activities.

These growth factors paired with a macroeconomic backdrop, that is trending very favorably, set the stage for BIP's FFO per unit growth to inflect higher. So that concludes my remarks, and I'll pass it back to Josh to open the line for Q&A.

QUESTIONS AND ANSWERS

Maurice Choy: If I could just start off with the capital deployment opportunities, it is clear that data infrastructure and energy have been quite thematic of late, and that's consistent with your Brookfield Day messaging. Just your thoughts on the rising competition for these types of assets. And if you could break it down, whether that be types of subsectors within a new vertical or even geographically, what does that mean to your ability to source these opportunities?

Sam Pollock: Hi Maurice, this is Sam. I'll tackle that one. I think what we flagged at Investor Day, and I guess, I think we've talked about for a number of years now is that we have seen a significant increase in the number of opportunities to deploy capital, particularly in the data sector and in sectors impacted by digitalization.

And you're right that there are new players who are competing for those opportunities with us. And frankly, over the last 15, 20 years, we've seen new entrants into the infrastructure sector.

We remain confident that because we have a global franchise and access to the most significant amounts of capital of any player that we remain with a distinct advantage in sourcing the best opportunities to deploy capital.

And in sectors and regions where capital is plentiful, we'll avoid entering into those cost-of-capital shootouts and look for areas where capital is more scarce or where people are looking for partners that they can rely on and have trust in to be long-term counterparties.

And those are the things that, I think, historically have made it successful. And I think today, many of the large tech companies who are making significant investments in the many billions of dollars, they're looking for players like us that they can have confidence in to deliver the projects and be there for them through thick and thin.

So I know that was probably a bit of a general answer to your question, but I think, hopefully, you get the tone that, yes, there are new players; however, the opportunity set is still very large and our specific expertise and skillset position us to get the best returns and not be competed down to the lowest common denominator, which is, I think, what you're worried about. And I don't think that's an issue.

Maurice Choy: That's great color. If I could just finish off with a question about the LP unit repurchases and the establishment of the ATM program for the BIPC shares.

I wanted to get your view about the timing of any action, and also, what does success for both these two actions and programs look like in your view? How do you measure that? Over what time period would you measure that? And conversely, what would be an unsuccessful outcome?

David Krant: Hi Maurice, it's David. I can start. Look, I think at this point, as you would have seen in our release, it's something we're contemplating at this time.

We still have, obviously filings to do to be in a position to execute the program. So I'll just caveat with that first. I think the key point, and I don't think we'll get into measuring success or failure of the program.

I think what we're looking to do, and one of our objectives has been, to increase the liquidity of BIPC. And I think that is, in essence, what the announcement today will look to do if we go ahead with it. And given the success we've had on the capital recycling front, we don't need the capital.

So issuing BIPC under an ATM on its own isn't helpful to the business, so we felt pairing it potentially with an NCIB would be a way to avoid any dilution to our existing shareholders and to our business. And so, I think that was the ultimate intent of the program if we do decide to go ahead with it.

Maurice Choy: And maybe just a quick follow-up. And maybe this is also somewhat related to the float of the BIPC shares. Is the secondary target also to perhaps tighten up the spread between the two securities?

Sam Pollock: Hi Maurice, look, we obviously don't know what will happen. So that would be purely speculative, I think, at this stage. We're just focused on the objective that David mentioned, and we'll see what happens.

Devin Dodge: I wanted to start with Rockpoint. With the IPO now obviously completed, should we expect you to pursue more exits via the public markets going forward, either for the midstream assets or across the broader portfolio? Or was Rockpoint more of a one-off?

Sam Pollock: Hi Devin, it's Sam here. Look, we've always had the public market as a potential exit strategy. We did do it with DBI a number of years ago.

I think we just considered it as one of the tools in our toolkit to monetize assets. And for a period of time there wasn't the market conditions that allowed for good

execution of IPOs. I think that has changed. And to the extent that the market remains open, then we would very much look at it as a potential option.

It doesn't change, though our views on favoring one or the other. It's really about execution, maximizing value and basically position the companies themselves for future growth and success.

So, we weigh all those factors, and we were thrilled with the outcome that we had, and we think Rockpoint is going to be an amazing company in the Canadian markets for a long period of time.

Devin Dodge: Okay. Second question, I wanted to ask about Centersquare. Look, lots of progress after combining Evoque and Cyxtera, and there were some more sites added more recently. Just wondering what's the investment thesis from here. Is this a platform that you're going to continue to add scale? Is there more proven opportunities? Or has a lot of the heavy lifting already been done?

Sam Pollock: Again, I'll start, and I don't know Ben might jump in as well. Look, I think we're just at the beginning.

I think this is an unbelievable business, and the opportunities haven't been more favorable since we've owned it, which sounds crazy given how well it's done. I think we've increased EBITDA there 4x over the last number of years through acquisitions and leasing of space.

But what's really exciting is the fact that many of these sites, which are legacy telco sites, are significantly overpowered, and we have a tremendous number of under-roof expansion opportunities that have built multiples of three or four times, which is just unheard of in this sector. So we're going to take advantage of that.

I think the capital deployment opportunity in the business, Dave, correct me if I am wrong, is in order of magnitude of \$300 million to \$400 million over the next couple of years of CapEx. And so, you can kind of do the math on how much EBITDA that can drive.

In fact, the opportunity may even be bigger than that, I'm probably understating it. But suffice it to say, and I know I'm running on here, the company is incredibly well positioned.

It's unique in the market in the sense that there's not really many others who are serving that smaller 1 to 5 megawatt demand from customers. And I think the explosion in AI inference and agent models is going to provide us tons of customers, along with the corporate customers. So, it's a great story, and I think there's lots more to come.

Patrick Sullivan: Can you just talk about the level of market interest you saw in the stabilized data center portfolio that you monetized during the quarter? I guess, how are you making decisions on the size of the portfolios you're bringing to market right now?

David Krant: Yes. I can start, and it's David here. I'll repeat the question, I think it's around the sizing of our stabilized data center program and how we determine what to bring to market.

Look, I think this was just the first of hopefully several programs that we undertake over the next few years. Data4 in Europe had probably the largest operating portfolio of data centers when we acquired it.

So it was a logical candidate to be the first for our capital recycling initiatives within it. As you would have seen, it was over 200 megawatts of operating sites. They weren't all commissioned, so we still have some build-out to complete. So think of it as a bit more of a program where over time we'll continue to execute on the sites as we commission them.

But essentially, we were able to identify the program in terms of the perimeter of assets that we felt would be either revenue generating today or generating in the next six to 12 months. It was about a \$1.4 billion equity check, we thought that was the right size in the market in Europe to target financial investors to come in and partners to join us to own these types of assets. And we're seeing significant demand for this return profile in the market. So as I said, Europe will be the first of our programs, and we'll look to replicate that in other markets as well.

Sam Pollock: Yes. The only thing I'd add is we've returned capital two ways. One is through issuance of ABS securities, which we do very programmatically almost monthly, it feels like, but let's just say, quarterly as the facilities get established.

And then, similarly, our goal would be, as facilities get completed, to programmatically sell down pieces of the equity quarterly or semi-annually, as they get built because that will be what the profile will look like over the next number of years.

Patrick Sullivan: Okay. Great. And then, I guess more on data center stuff. So like in a recent Brookfield podcast on the Data4 deal, you discussed that Europe has one of the largest infrastructure gaps relative to the other regions and essentially no sovereign compute. And you've made some announcements related to these sovereign compute opportunities.

But can you just talk about some of the differences between that sovereign compute opportunity set versus the more hyperscale AI lab-driven opportunity set

that we see in the United States? Is there anything there to contrast and compare between the two?

Sam Pollock: Yes. Look, I think they're both very exciting.

For us, we've had a focus on the sovereign compute primarily because, as I kind of alluded to in some earlier answers, it's a way to use our particular skill set to create bilateral transactions in the sector, where we can come up with more complex solutions for governments to bring all the various players together to solve what for them is a sovereign issue in a sense that they want to retain data as well as AI capabilities in their home markets and not be dependent on just all the U.S. hyperscalers. And so, it really is a distinct market.

Obviously, we still focus on servicing our hyperscale customers, but we thought we could create kind of a niche market for ourselves working with today, it's probably six or seven sovereign nations on building smaller, but more dedicated facilities for their home needs.

And we're excited about the progress we've made. The only drawback to it is often dealing with sovereigns tends to be a bit slower. And the investment cycle has probably taken longer than we might have thought initially. But we're excited about the projects we're working on, and we hope to have announcements in the coming quarters.

Frederic Bastien: Are you able to quantify the organic growth rates your various data businesses are enjoying? And how would these be tracking versus your underwriting assumptions?

David Krant: We're happy to start. It's David here. I think the overarching team across the data businesses, and maybe we'll stick to towers and transmission and then data centers as two separate categories. I'd say on the transmission and tower side, I would say that's a much more predictable, stable execution of our backlog there.

We are building out towers for our customers in France, in Germany, some in India as well in terms of rooftops antennas. So, I'd say that the case there is much more predictable. And I'd say it's slightly ahead of underwriting, but generally in line, so that's going well.

When we bought these hyperscale platforms, we underwrote a land bank that they had in place, and we've executed and continue to execute that on schedule and on pace.

And I think we're excited about what we'd call the shadow backlog looks like in these businesses, where we could see up to a gigawatt across the globe of new projects coming in the coming years. And that is something we never underwrote.

So the pace of growth and organic growth in those businesses will be dramatic. Like the percentage, I don't think is that meaningful because it's coming from such a small base in these platforms, but that's what you're starting to see come through the numbers.

I think in the last year alone, Fred, we've commissioned 175 megawatts across the globe, which is pretty impressive.

Frederic Bastien: That's great color. Just building on that, you flagged some promising AI factory opportunities shaping up for BIP during your Investor Day. And I was wondering if these are along the lines of the partnership you signed with Bloom Energy to install BTM solutions? Or do they vary depending on the partnership you're pursuing?

Sam Pollock: Hi Fred, look, as you can imagine, they vary. I think there are some that are very similar to the Bloom Energy arrangement, where we're facilitating capital needs for a number of the data center and hyperscaler companies to finance all the capital that they need to put into these data centers.

But then, obviously building out AI factories is going to be a different type of arrangement, and we expect that probably to be the majority of what we do in our AI activities.

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: Okay, so I think that's probably it. I'm glad we got Fred in there. So yes, thank you, Operator Josh, for today. And thank you to everyone on the call for joining us.

I know this is our last call before the end of the year, so on behalf of everyone here at Brookfield Infrastructure, we'd like to wish you a healthy and happy upcoming holiday season. And we look forward to providing you more updates on the fourth quarter and year-end results early in the new year. So, take care. Thanks.