Brookfield Infrastructure Partners (Q4 2025 Results)
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Corporate Speakers:

- Sam Pollock, Chief Executive Officer
- David Krant, Chief Financial Officer
- Udhay Mathialagan, Head of Global Data Centers

Participants:

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

PRESENTATION

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

David Krant: Thank you, Liz. And good morning, everyone. Welcome to Brookfield Infrastructure Partners' fourth 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 our Chief Operating Officer, Ben Vaughan. Also with us today is Dave Joynt, a Managing Partner, and Udhay Mathialagan, Head of our Global Data Center businesses.

I'll begin the call today by highlighting our results for 2025, followed by a recap of our record year of capital recycling. I'll then hand the call over to Udhay, who will elaborate on our approach to AI infrastructure investing and how we have been able to turn sector tailwinds into durable value for unitholders. Finally, Sam will provide an update on our recent investments before concluding with an outlook of 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.

2025 was another strong year for Brookfield Infrastructure. Our key accomplishments include exceeding our capital recycling target of $3 billion, investing approximately $2.2 billion of equity into growth initiatives, and completing

approximately $16 billion of financings to further de-risk our operating company balance sheets.

From a results perspective, we generated FFO, or funds from operations, of $2.6 billion during 2025. Normalized for the impact of asset sales and foreign exchange, FFO increased 10% compared to 2024, in line with our target and reflective of our operational performance and the strength of our business. This result includes record FFO during the fourth quarter of $0.87 per unit.

Given this performance, a conservative payout ratio for the year of 66%, and a strong outlook for 2026, I'm pleased to report that the Board of Directors have approved a quarterly distribution increase of 6% to $1.82 per unit on an annualized basis. This marks the 17th consecutive year of distribution increases of at least 5%.

I'll now go through our annual segmented results in more detail. Our utilities segment generated FFO of $786 million, which on a comparable basis was up 7% year-over-year. The base business continued to perform well during the year, driven by inflation indexation across the portfolio and the contribution of roughly $500 million of capital commissioned into rate base over the last 12 months.

Moving on to our transport segment, FFO totaled $1.1 billion, in line with the prior year after normalizing from $1.8 billion of capital recycling initiatives. The loss of earnings from these sales was partially offset by higher revenues across our transportation networks, particularly in our rail and toll road segments, where volumes and rates grew on average by 2% and 3% respectively.

Our midstream segment generated FFO of $668 million for the year, representing a 7% year-over-year increase. This growth reflects higher volumes and activity levels across our midstream assets, particularly at our Canadian natural gas gathering and processing operations and our recently acquired U.S. refined products pipeline system.

Lastly, FFO from our data segment was $502 million, a step change increase of over 50% compared to the prior year period. The increase is attributable to several new investments completed over the last 12 months, the most recent being our U.S. bulk fiber network, which is now fully contributing to earnings in the fourth quarter.

In addition, we achieved strong organic growth across our data storage business, which included the commissioning of 220 MW of capacity at our hyperscale data center, 200 MW of new billings at our U.S. retail colocation data center operation and income generated by our global data center developers. Our global data center platform now has development potential consisting of approximately 3.6 GW, including contracted capacity of over 2.3 GW today.

Before turning it over to Udhay, I would like to briefly touch on our record liquidity, which totaled $6 billion at the end of 2025 and included just under $3 billion at the corporate level.

Contributing to this strong position was a record $3.1 billion in asset sale proceeds raised in 2025. We believe that the elevated pace of capital recycling will continue into the year ahead. We already have two transactions secured that crystallize attractive returns.

First, we agreed to sell the largest of four concessions within our Brazilian electricity transmission operation. We expect proceeds of approximately $150 million net to BIP, generating an attractive IRR of 45% and over 8x multiple of capital. Closing for the transaction is expected at the end of the first quarter of 2026.

Secondly, we formed a capital partnership for a portfolio of stabilized and under-construction data centers in North America. Proceeds from the sale are expected to be used to support the build-out of our powered land bank within the business.

That concludes my remarks for this morning. I'll now pass the call over to Udhay.

Udhay Mathialagan: Thank you, David, and good morning, everyone.

AI is justifiably dominating headlines, with many bold predictions ranging from data centers in space to breakthroughs in quantum computing that could one day redefine how the world operates. At the same time, many are questioning the merits of the magnitude and velocity of capital flowing into AI, and whether demand will materialize at a level that justifies this spending.

The sheer scale of investment underway to build the physical backbone that makes AI possible is staggering. In 2025 alone, corporates invested approximately $500 billion into AI-related infrastructure, with capital investment over the next two years expected to rise further.

Much of this build-out is fundamental to the development of AI, enabling power-intensive workloads to run reliably, securely and at scale in well-connected locations. The reality is driving a sustained wave of investment into the backbone infrastructure that enables AI, including data center capacity, grid resiliency, power generation and transmission. The sector remains exposed to overbuilding, technological change and disruption. With capital moving quickly, not all participants will be rewarded and there will be mistakes made.

Our approach is designed to protect against such exuberance. Brookfield Infrastructure is applying a prudent, risk-focused approach to participating in the build-out of AI infrastructure, maintaining strict guardrails to safeguard our capital.

First, our development projects are underpinned by long-term contracts with favorable terms. We do not build speculatively and earn an attractive return within the initial contract period, mitigating technology risk.

The second guardrail is that we selectively focus on the strongest investment-grade counterparties who are some of the largest, well-capitalized and most profitable technology companies in the world.

Third, we concentrate on top-tier workload-agnostic locations for our data centers that can support the full spectrum of demand, reducing the risk of single-theme exposure and increasing the durability of demand through cycles.

The fourth is our disciplined strategy. We are deliberate in how much land and powered shells we control and develop. We have created a self-funding model that provides funding for future development and locks in attractive developer economics, as well as reduces the size of our platform while maintaining the benefits of scale.

And fifth, we've matched the capital structure to the tenor of the contracted cash flows, with a focus on preserving flexibility and ensuring that we can finance growth responsibly.

To illustrate the benefits of our approach, during 2025, we experienced exceptional demand at our data center platforms, securing record growth, commercialization, capital recycling, and capital markets activities. For example:

At our U.S. colocation data center business, we experienced 11 consecutive quarters of record bookings and is now fully utilized across several markets. During the quarter, we signed several large contracts at a data center in Illinois, achieving 100% occupancy and adding approximately $45 million of annual EBITDA on a run-rate basis commencing later this year. Without investing any further equity, we acquired and added a 40-site data center portfolio in January 2024 to our existing business and subsequently increased EBITDA from a combined base of approximately $200 million to approximately $500 million on a contracted basis. The exciting part is that the growth journey is expected to continue, led by high-returning under-roof densification and in-footprint expansion capacity, which total over 600 MW of identified growth potential.

Across our global data center platform, we achieved a significant lease-up of our land bank during the fourth quarter, which is expected to be commissioned over the next 3 years. We executed agreements for approximately 800 MW of capacity, predominantly in North America. The vast majority of these leases are with investment-grade customers and underpinned by long-term contracts.

Since acquiring our North American and European platforms, our adherence to the guardrails outlined above has allowed us to maintain a consistent greenfield data

center yield-on-cost. In 2025, we partnered on almost 850 MW of stabilized and operating sites in North America and Europe, crystallizing developer premiums and demonstrating strong demand.

Taken together, we hope these examples highlight both the strength of demand we are seeing and the importance of disciplined execution in converting demand into durable returns. As AI workloads scale, the value of well-located and powered infrastructure intensifies. In this environment, scale, reliability and access to capital are differentiating factors to counterparties, and we believe our global operating capabilities and long-standing relationships benefit us. Our risk-focused approach and strict adherence to our guardrails will enable us to continue investing in the core infrastructure needed to deliver AI at scale while protecting our downside.

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

Sam Pollock: All right. Thank you, Udhay, that was great. And good morning, everyone. For my remarks today I'm going to discuss some of our strategic initiatives and then conclude with an outlook for the year ahead.

In 2025, transaction activity accelerated and as a result, we deployed approximately $1.5 billion into new investments. We expect this momentum to carry into 2026 based on our robust pipeline of new investment opportunities that continue to be diversified across sectors and geographies.

During the quarter, we completed the inaugural project under the framework agreement with Bloom Energy, installing 55 MW of behind-the-meter power for a data center site in the United States. We have since secured additional projects under the framework for several hyperscaler customers, bringing the total to approximately 230 MW of power generation. These additional projects have contract terms of at least 15 years in length. BIP's total equity investment associated with these projects to date is expected to be approximately $50 million and fully deployed by mid-2027.

Also during the quarter, we closed the acquisition of a South Korean industrial gas business, which is the leading supplier of industrial gases to investment-grade semiconductor manufacturers in the country. The total equity purchase price is $125 million at our share.

On January 1, we closed the acquisition of a leading railcar leasing platform in partnership with a best-in-class railcar lessor. The business is highly cash-generative, providing stable cash flows that are supported by a diversified, and largely investment-grade, customer base. BIP's total equity consideration is approximately $300 million.

Now turning to our growth outlook, we see a highly constructive backdrop for infrastructure in 2026. The asset class has a long history of delivering resilient, growing cash flow through a variety of market environments and is squarely positioned at the center of three powerful structural themes which we've talked about quite a bit in the past: digitalization, decarbonization and deglobalization. Together, these forces are driving an infrastructure investment super cycle that is broadening in both scope and scale.

We have entered 2026 from a position of considerable strength as well. Our base business is delivering resilient, growing cash flows, and we have clear visibility into a multi-year runway of organic growth and capital deployment. In addition, the rapid build-out of AI-related infrastructure is materially expanding our opportunity set across data centers, power and network connectivity. As a scaled, global owner and operator of critical infrastructure, we are well-placed to deploy capital into these themes at attractive risk-adjusted returns. These factors, combined with a stable interest rate and foreign exchange backdrop, position us well to return to our 10%, or higher, per unit growth target in 2026 and beyond.

So that concludes my remarks. I'll now pass it back over to Liz to open up the line for Q&A.

QUESTIONS AND ANSWERS

Maurice Choy: I'll just ask one question, but I'll admit it is a multi-part question on data centers and data infrastructure. Udhay, in your prepared remarks, you highlighted how your contract approach aims to mitigate technology risk. Can you elaborate a little bit more on that? And also, what risk do you think is underappreciated by the market?

And my quick follow-up is going to be on returns. Obviously, I would expect that returns are superior to the 12% to 15% target range. So maybe you could help us understand a little better, how much better, even if it's just a range, or even some factors for us to consider and quantify these premium returns?

Sam Pollock: Hi, Maurice, it's Sam here. Maybe I'll start off with the returns. Then I'll have Udhay talk about the contract and the risk that you also asked. So, on the return front, I'll keep it high-level and simple. But in essence, we develop new data centers at a yield-to-cost anywhere on average between 9% and 10%, and we monetize them at cap rates of 5.5% to 6% on average.

So that gives us a rough development profit of 300 to 400 basis points. With leverage in the development, at a 70% range, that pencils equity returns, if we do everything right, into high teens or 20s; I think that it is a profitable industry. So, that's the rough pull, and I think we'll leave it on that from a returns perspective. Then maybe I'll throw it over to Udhay to answer your first two questions.

Udhay Mathialagan: Sure. Thanks, Sam. Look, I think taking a step back, the basis of pretty much all our data center businesses is around providing the core infrastructure and staying out of the real technology that our tenants, our customers use. So, my earlier remarks around managing the technology risk is really around the way the environment within the data centers are being designed for longer-term use, and for changes that are happening at the compute infrastructure level. That predominantly translates into how power and cooling works in the data centers.

So, by making sure we've got very long-term contracts, let's say 15-year contracts, which are very specific in terms of what we deliver, we're staying completely out of any technology change that could take place in that 15-year period at the customer's end. In case it necessitates any change in the underlying infrastructure, those specific changes are not to our cost at that point in time. So that was the underlying comment around how we're managing our committed cash flows over that period of time in terms of technology risk.

Devin Dodge: All right. Maybe to the extent that you're able, can you provide some additional color for the transaction where KKR acquired a stake and portfolio of data centers from Compass? I'm just trying to get a sense for how many assets are included and the timing; it sounds like it might be phased into that partnership and maybe the net proceeds to BIP.

Sam Pollock: Hi Devin, it's Sam here. I can't really speak to the details of it because we don't get into those levels of granularity on specific transactions that are private. What I can tell you is that, and we mentioned this earlier in the call, we effectively entered into JV arrangements with a number of institutional investors, which I would include KKR in that group, across not just North America but Europe as well, totaling about 850 MW. And effectively, the way these arrangements work is that these are, for the most part, passive vehicles in the sense that we retain operational control of the assets and retain a significant ownership stake to have alignment with our partners. We've done this, as I said, in all our markets, and it's kind of part of our playbook to recycle capital from developments and crystallize some profits to reinvest back in the business so we can fund future growth.

Devin Dodge: Okay. Second question. For Brookfield's $10 billion AI infrastructure fund, I believe BIP is one of the pools of capital that could be used to meet Brookfield's commitment. I was just wondering if you could provide a framework or thoughts on what types of investments, made by the fund, may be suitable or not suitable for BIP.

Sam Pollock: Devin, so that's correct. BIP is one of the entities that will fund opportunities that come from that strategy. The way to think about it is transactions that have the profile that we have in our flagship funds; returns that are let's say 12% and higher, in sectors that are suited for BIP, things that are outside of renewable energy and investments that probably don't have a development profile

that's too long. If the development cycle is excessively long, then that may not make it appropriate for BIP. But otherwise, keeping in mind portfolio construction objectives for BIP; if it's in the data center sector, if it's gas-related and if it's utility-related. Those are all sectors, and if the returns fit, we would invest through BIP for those types of transactions.

Cherilyn Radbourne: Thanks very much, and good morning. On the data center side, I did want to ask if you could talk about how you think about sovereigns versus hyperscalers as counterparties, and how you think the mix of your basket of counterparties could end up between those two groups.

Sam Pollock: Hi Cherilyn, it's great to have you on the call. So maybe I'll touch on this and Udhay can add anything else he'd like to. I think we like both of the counterparties because it gives diversity. One of the things that serves us well across all our businesses is diversity of counterparties. Obviously, the hyperscalers will have amazing credit, are few in number and have similar exposures to AI and other data-related cash flows, while sovereign nations diversify from those risks.

The other reason we've been focused on some of these sovereign AI factories is because we think that it gives us a differentiated strategy from many others who are just focused on building the large mega sites for the hyperscalers. Here, we can work on a more bespoke basis to assist sovereign nations to build ecosystems in their countries. The challenge with it is that governments tend to move a bit slower than corporates. And so, the time to market can sometimes be a bit longer. But as far as what the mix will be, that's a little bit too hard for me to predict at this stage. I mean, we'd love to have a broad base of both hyperscalers and sovereign credit but it's a little premature for me to speculate on that.

Cherilyn Radbourne: That's helpful color. Then, more of a straight-up question for David. Can you give us a sense of what we can expect from inflation indexation across your various geographies in 2026?

David Krant: Look, I think as we look forward, the two biggest drivers of growth from an organic perspective in 2026 will be the inflation indexation you highlighted as well as a significant commissioning of CapEx out of our backlog; as you've seen, it's a record level now. On the inflation front, I'd say in OECD markets, we're probably averaging between 2% and 3% on our escalators.

Then on the emerging markets, it ranges depending on which metric you're looking at. But I'd say between India and Brazil, as the two biggest emerging market exposures we have inflation pass-through in, it's probably also in the 2% to 4% range depending on the metric. So, I think it's more manageable; it’s still above probably 25, 50 basis points above our historical averages that you would have observed, but certainly not as elevated as what you saw in 2022.

Robert Hope: Can we dive a little bit deeper into the data operations capital backlog? It looks like it's up just over $1 billion versus Q3, with about $900 million of that driven by the hyperscale backlog. Can you maybe dive a little bit deeper into what is driving the significant increase in Q4 as well as, kind of, what is the outlook and how large could this get?

David Krant: I can start and Udhay or Sam can jump in. Look, I think Rob, you certainly pointed it out. I think across the data segment, the data center platform had the most growth. We've also onboarded the bulk fiber backlog and order book in Hotwire that we acquired in the fall. So that's another key driver in the increase in the last half of the year. But on data center itself, I think it's a little chunky in terms of when we sign new contracts.

And as we highlighted this quarter, we had significant momentum on the leasing activity; there was about 800 MW signed globally. When we sign those contracts, that's effectively when we'll put in the backlog associated with those projects. So up until then, as you heard through our call, there's very little investment until a contract is signed and then at that point, we then effectively consider the project FID, and it adds into our backlog. So, as you heard it, it's probably a mixture of North American, European as well as a few in Asia Pacific that drove the addition to backlog.

Robert Hope: Then maybe sticking with data centers, $3.9 billion of the backlog relates to Intel. Can you update us, in terms of timing, how you're thinking about cash flow and returns there, and any potential follow-on investments?

Sam Pollock: Ben, do you want to give an update on the in-service date for the Intel facility?

Ben Vaughan: Yes, sure. For the Intel facility, our JV has two fabs, one of which has reached its in-service date and is now producing wafers, which is great; the second fab is making good progress towards completion. So, the actual underlying operations that underpin our JV and the construction activity are progressing very well for Intel.

Robert Catellier: You seem to have a pretty high level of conviction in the capital recycling, having just come off a record year, and you're also continuing to make new investments. But I'm curious about the rate of commissioning capital from the backlog in 2026, given this is an important part of the capital allocation process. I'm wondering if you could maybe quantify and characterize what you see coming in the next couple of years there, relative to the $1.5 billion commissioned in 2025.

David Krant: Rob, it's David here. I can give you some color on the shape of that commissioning. I think I'd split our backlog into two components. As you heard from the previous question, there's an Intel component which is about $3.9 billion in the number; we'd expect that to commission from our earnings profile in the back half of 2026.

The balance of our backlog would be diversified across our utilities, transport, midstream and data businesses; typically, as you've heard, it's a 3-year outlook. Those projects tend to be smaller, lower, shorter development cycles and build cycles. So, I'd expect roughly a third of that backlog, which should be close to $1.5 billion, to come online in 2026. I wouldn't say there's a chunky element to it; it will be pretty smooth across, with our utilities and our data centers driving the bulk of that.

Robert Catellier: Right. So, excluding Intel, which is obviously a unique investment, you're really looking at about $1.5 billion-ish a year then.

David Krant: Our backlog, excluding Intel, is $5.3 billion. So, assuming an average of 3 years, you're looking close to $1.75 billion probably, and the $1.5 billion to $2 billion.

Robert Catellier: Okay. Excellent. Then my other question was just, what are your views on the Canada, Alberta MOU as it relates to energy development? It looks like there's momentum building towards a bolder energy strategy here. I'm curious how it impacts how you manage your midstream investments in Canada; do you hang on for more growth or does this de-risk the asset to a point where you might consider more asset sales?

Sam Pollock: Robert. Look, I think it's too early to say whether or not the MOU is going to have any material impact on the growth trajectory of our businesses. Regardless of that, though, we've already had plenty of growth in the business; there's been significant producer expansions underway, which have led to some additional tie-ins, particularly in our IPL facility; we've also recently undertaken a number of growth initiatives in NorthRiver.

In terms of our plans to monetize the businesses, I think we have business plans in place for each of the businesses that we're looking to continue to develop. I guess the only thing that would accelerate monetization would be market conditions, to the extent that they are receptive to us bringing some or part of these businesses to the market. We might look at that.

So, I appreciate some of that is very loose. But I think the takeaway is that the businesses today operate in a very strong environment, and with the added push by the federal government along with the provincial government to encourage further growth in the sector, we think that's only helpful to our businesses and makes them more attractive to potential buyers down the road.

Robert Catellier: Yes, I totally agree with you. I think it's too early, and I too would want to see a couple of more cards slipped on how the MOU plays out and if they achieve the milestones as intended. So, thanks for your answers.

Frederic Bastien: During your Investor Day, you noted that Brookfield had formed partnerships to build 7 AI factories totaling 6 GW of compute capacity. Can you provide an update on how that's going, and whether you have more developments to announce soon?

Sam Pollock: Fred, maybe I'll tackle that and Udhay might add some further comments, but I think the answer is relatively short. We continue to progress on all those initiatives; today we have discussions underway with probably 5, at least, in Europe, some in North America as well as some in the Middle East and one actually in Oceania, so basically, across the globe. As I mentioned, I think it was to Cherilyn, these discussions do take time and we're probably a little disappointed that they haven't gone a little faster, given the importance that each of these nations put towards these initiatives. Nonetheless, I think we're hopeful that during the year, we'll have one or two of these progress.

I think the only thing that I would caution you is that they tend to be smaller than some of the mega sites that you see announced with the hyperscalers. So, most of these are anywhere between as small as 50 MW up to as much as maybe 250 MW in phases. Nonetheless, those still represent meaningful dollars, and we're pretty excited to see it through.

Frederic Bastien: And I guess your relationship with Bloom Energy is still fairly young. You've committed to delivering just under 300 MW of power generation; I think your original agreement was for up to 1 GW of behind-the-meter power generation. Are you comfortable that you will see through this agreement all the way to that 1 GW?

Sam Pollock: Obviously, we'd be speculating on the future, so it's hard to predict. But at the moment, with the level of demand that they're seeing and the amount of developments underway, I feel pretty optimistic that we'll get to that, and maybe even above that level. There's no doubt that there's tons of momentum for Bloom at the moment.

Frederic Bastien: Awesome, and your relationship is strong and growing, obviously.

Sam Pollock: Yes. Yes, it is.

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. Thank you, Liz. Thank you, everyone, for joining the call this morning. We hope you've all had a good start to the year, and we look forward to providing our first quarter results at the end of April. Thank you and take care.