Brookfield Infrastructure Partners (Q2 2026 Results)
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Corporate Speakers:
- Sam Pollock, Chief Executive Officer
- David Krant, Chief Financial Officer
- Ben Vaughan, Chief Operating Officer
- Dave Joynt, Managing Partner
- Lief Williams, Managing Director

Participants:
- Cherilyn Radbourne; TD Cowen; Analyst
- Devin Dodge; BMO Capital Markets; Analyst
- Maurice Choy; RBC Capital Markets; Analyst

PRESENTATION

Operator: Welcome to the Brookfield Infrastructure Partners Second Quarter 2026 Results Conference Call and Webcast.

David Krant: Thank you, Crystal. And good morning, everyone. Welcome to Brookfield Infrastructure Partners' Second Quarter 2026 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, our Chief Operating Officer, Ben Vaughan, as well as Dave Joynt, a Managing Partner on our investments team, and Lief Williams, a Managing Director focused on AI infrastructure investments.

I'll begin the call today with a discussion of our second quarter 2026 financial and operating results, followed by an update on our asset sale initiatives. I'll then turn the call over to Sam, who will discuss our new investments and provide 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 all to review our latest annual report on Form 20-F which is available on our website.

We are pleased to report that in addition to Brookfield Infrastructure delivering strong financial results this quarter, we have also made meaningful progress across our strategic initiatives. Beginning with our financial and operating results, in the second quarter, we generated FFO of $702 million or $0.89 per unit. This represents a 10% increase compared to the prior year on both a quarterly and year-to-date basis which is in line with our long-term growth target.

The increase reflects organic growth within our 6% to 9% target range, driven by inflation-linked rate increases in our utility segment, strong activity levels across our transport and midstream businesses and the commissioning of new capital projects in our data segment. Results also benefited from the strong cash contribution from new investments which are generating returns meaningfully above the yield on our completed asset sales.

I'll now go through our results by segment in more detail. Starting with our Utilities segment, we generated FFO of $196 million, an increase of 5% versus the prior year. The increase was driven by inflation indexation, the contribution from capital commissioned into our rate base and the acquisition of a South Korean industrial gas business completed last year. This growth was partially offset by foregone earnings from asset sales including the largest of four concessions within our Brazilian electricity transmission operation and our Mexican regulated natural gas transmission business, both of which contributed to results in the comparable period.

Moving on to our transport segment. FFO was $311 million, representing a 7% increase over the prior year after normalizing for capital recycling activity. The increase was driven by broad-based strength across our operations with volumes across our rail, port and toll road operations increasing between 3% and 7% year-over-year. In addition, results benefited from the contribution from our North American railcar leasing platform which closed on January 1. These contributions were partially offset by the foregone earnings associated with the sale of a 49% interest in our Australian export terminal, the sale of our Australian container terminal business and a partial sale of our U.K. port operation, all of which closed last year.

Our midstream segment generated FFO of $183 million, up 17% compared to the same period last year. The increase reflected strong organic growth across the portfolio, particularly at our Canadian diversified midstream business which benefited from strong asset utilization as well as elevated commodity pricing. Results also benefited from the contribution of our recently acquired U.S. refined products pipeline system which more than offset the lost earnings from the sale of our U.S. gas pipeline last year.

Lastly, FFO from our data segment was $154 million, representing an increase of 36% compared to the prior year. The increase was driven by the contribution from our U.S. bulk fiber network acquired last September as well as income generated by our data center developers and the initial contribution from our partnership with Intel to construct semiconductor foundries in Arizona.

Turning to our balance sheet and capital recycling program, public markets have been an increasingly effective exit channel for us. So far in 2026, we have generated meaningful proceeds from public market transactions, reflecting both the quality of the businesses we have built and the depth of investor demand for scaled, high-quality infrastructure platforms. IPOs and follow-on public market monetizations provide us with an attractive path to crystallize value, broaden the buyer universe and retain flexibility to participate in future upside. They also give us optionality alongside private sale alternatives, supporting value maximization across multiple potential exit paths.

The most recent example was the IPO of our U.S. colocation data center operation on the New York Stock Exchange. Since our initial investment in 2018, we have transformed the business into a scaled platform with large presence across major U.S. markets, serving more than 1,700 customers. A key value driver in this transformation was the acquisition of over 40 sites through a bankruptcy process which scaled the platform, optimized the portfolio and accelerated its growth. During our ownership, we have increased EBITDA by more than 4x and expanded capacity from 115 megawatts to approximately 390 megawatts. The IPO represents the next step in our value creation plan. The transaction generated gross proceeds of approximately $1.2 billion at an attractive valuation. Brookfield retains a 64% ownership interest in the business and will continue to participate in future value creation, including the potential to grow the platform to approximately 1 gigawatt of capacity through equipment optimization and under-roof expansion.

In the quarter, we also advanced monetizations across two listed businesses in India. At our Indian telecom tower portfolio, we sold a 7% interest through the capital markets. Similarly, at our Indian gas transmission operation, we completed several smaller sell-downs to public market investors following our inaugural sale last year, exiting a further 14% of the business. Combined, these transactions generated nearly $100 million of proceeds net to BIP.

Adding to our asset sale progress, we executed a second transaction under our established framework for monetizing derisked and contracted container portfolios at our global intermodal logistics operation. On July 1, we completed the sale of a majority interest in a portfolio of contracted containers, generating approximately $60 million net to BIP.

Finally, at our North American railcar leasing platform, we generated approximately $20 million in proceeds at our share. These proceeds were primarily generated through our structured investment framework which provides for the transfer of ownership to our partner over time.

Together these transactions further support our ability to self-fund growth while recycling capital at attractive valuations. So far in 2026 we have generated nearly $1.2 billion of proceeds from our asset sales with several sale processes well underway that give us confidence in achieving our capital recycling objective for this year.

That concludes my remarks this morning, and I'll now turn the call over to Sam.

Sam Pollock: Thank you, David, and good morning, everyone. The first half of the year was active on both sides of our asset rotation strategy.

In addition to the asset sales David just discussed, we have secured or deployed over $800 million into new investments. This includes the acquisition of Clarus, New Zealand's leading gas infrastructure utility, with closing expected in the coming weeks, and an increased equity commitment to the Bloom Energy framework to support an additional Capex project.

Looking beyond the projects already secured, momentum in AI infrastructure is accelerating with our AI factory strategy gaining traction globally and expanding our pipeline of investment opportunities. In the U.S. Brookfield was selected by the Department of Energy to develop an AI data center campus in Kentucky designed to support over 1.2 gigawatts of compute capacity. We have formed a consortium to advance the project through a bring your own power model. In South Korea, Brookfield, NAVER and NVIDIA announced plans to develop 200 megawatts of sovereign compute capacity. Under the proposed arrangement, Brookfield would act as the exclusive capital partner to finance the deployment of GPUs at the campus, supporting one of South Korea's largest planned sovereign compute developments.

We also expanded our framework with Bloom fivefold from $5 billion to $25 billion of total Capex, creating a significant pipeline of future deployment opportunities for behind-the-meter power solutions for leading hyperscale customers.

Together, these initiatives demonstrate the breadth of our AI infrastructure opportunity set and our ability to originate large-scale projects on a bilateral basis by combining our digital infrastructure and power expertise with flexible capital at scale to support leading energy and technology partners globally.

As these opportunities progress, we will only commit material capital once appropriate commercial arrangements are secured and our risk-adjusted return objectives are met. With a broader opportunity set in front of us, converting our growing pipeline to capital deployment is a key focus for the balance of the year. We are advancing opportunities across sectors and geographies through traditional M&A and strategic capital partnerships, where leading companies are seeking long-duration capital at scale and an aligned operating partner. Together, these channels provide multiple avenues to deploy capital into high-quality opportunities at attractive risk-adjusted returns.

One of our strategic initiatives for the year is to complete the recently announced corporate simplification to convert BIP and BIPC into a single publicly traded corporation, Brookfield Infrastructure Partners Inc. We believe the simplified structure will provide improved trading liquidity, increased demand from index funds and ETFs and broader access to investors who prefer a traditional corporate structure, among other benefits. We expect the simplification to be tax-deferred for Canadian and U.S. investors and completed without any meaningful cost to the business. Special meetings of BIP unitholders and BIPC shareholders will be held on October 14, and we anticipate completing the simplification in the fourth quarter of 2026. Ultimately, we expect this simplification to drive long-term value for all security holders.

In closing, we enter the second half of 2026 from a position of strength. Resilient operating performance, a healthy balance sheet and meaningful proceeds from recent asset sales provide significant flexibility to pursue attractive growth opportunities.

This concludes my remarks, and I'll pass it back over to the operator, Crystal, to open the line for Q&A.

QUESTIONS AND ANSWERS

Cherilyn Radbourne: So clearly, the market has become more anxious about the Capex going into AI and data centers and the timing of the payoff. So I was hoping you could speak to the opportunity set and just how BIP is able to maintain its investment guardrails against that backdrop, and maybe you could touch on whether you're seeing degradation in contract terms more broadly across that space?

Sam Pollock: Hi Cherilyn, maybe I'll start off and then I can ask Lief Williams who's with our AI infrastructure group to add further color. Maybe just to begin with, as far as the momentum in the sector and the demand signals that we're seeing, we've definitely seen no reduction in the developments underway or the speed to which our clients are looking to bring forward projects.

So while capital markets have obviously pulled back in the last couple of weeks, customers – and our customers are the largest hyperscalers in the world – are obviously thinking about longer-term trends as opposed to short-term gyrations.

I would say for your question regarding degradation of contracts, we've always told our investors that we will only deal with the highest quality customers and invest in those projects where we have, as I mentioned earlier, proper risk-adjusted returns, and the main guardrail, to be honest, is the fact that all these projects require a significant amount of debt capital, and in order to source that debt capital you need to have high-quality counterparties, and if you don't, then you're not going to be able to raise the equity capital.

So while there might be some smaller projects that others might be pursuing where they're taking on lesser quality counterparties, in our case, we're only dealing with the best, and we're not seeing any degradation in terms.

Since we have Lief on the line, Lief, do you want to talk about any trends that you're seeing as far as new developments?

Lief Williams: Thanks Sam, and thanks for the question, Cherilyn.

I think from a commercial terms perspective, as Sam said, we continue to see strong contracts from our customers. In terms of development yields, I would say it's still kind of high single digits, low double digits. I think that you see that move a little bit with interest rates, we are in a slightly higher interest rate environment than maybe in the past, and I think you see that ultimately flows into development yields as well as the annual escalator. So again, whereas historically that's fluctuated between 2% to 3%, right now you're seeing that really at the higher end of that range, so really more 2.5% to 3%.

The last key commercial term I would highlight is on lease term. Typically the focus for greenfield projects is 15 years plus, and we are starting to see customers who are open to a 20-year initial lease term, and from our perspective, that is a crucial input to developer returns. So overall, I would just characterize it as a strong market on the private side. We see very good demand, and we think that it's a great opportunity to deploy capital at attractive risk-adjusted returns.

Cherilyn Radbourne: Just to make this call not all about data, I thought I would ask about where else you're seeing opportunities outside of data. One area where we're seeing some sort of news and potential activity is industrial carve-outs with resource companies looking to sort of focus on core operations and carve-out utilities and things of that nature. Are you seeing that in your pipeline as well?

Sam Pollock: Just to touch on the first part of your question, and I can come back to maybe carve-outs. But you're asking where we're seeing knock-on effects in other parts of our business, and one area where you might not expect there to be a lot of impact is in our transportation business, where we're seeing a lot of what we always refer to as the domino effect of all these developments requiring products and assets from different parts of the world. We're seeing that reflected in trade flows, and maybe Dave Joynt, who runs our transportation business, we have him on the line here. He can talk a bit about what we're seeing through Triton from a transportation perspective.

Dave Joynt: Thanks Sam, and thanks, Cherilyn, for the question. Overall, I think you've seen a very strong quarter for us on transportation, but what might be a little bit hidden by that is that a lot of that strong demand is actually coming from the big build-out of data centers themselves. If you look at Chinese exports on a year-to-date basis, it's up nearly 20%, and what is underneath that is machinery and motors and transformers and pumps and valves and tubing that goes into lots of the machinery that goes into the complex itself, and that is flowing through certainly a very strong demand environment for our container leasing business, but also for our ports and our rails on a global basis.

Sam Pollock: Just to answer your last question, and maybe we'll keep it short, we are definitely focused on strategic partnerships and carve-outs in a number of sectors. That's something that worked well on the railcar leasing side that we recently did, and we're seeing a number of industrial companies looking to take advantage of capital available from infrastructure players like ourselves to source low-cost capital to grow their operations. That is a focus, and hopefully some of the transactions we'll announce in the coming quarters will demonstrate that.

Devin Dodge: It seems like the AI factory strategy is really starting to gain traction here. It's obviously great to see, and it seems like based on your comments Sam there's still a lot of irons in the fire. Just wondering if you can frame how large of an opportunity the AI factory strategy could be over time, and maybe just for the projects and frameworks that you've secured to date, just any thoughts on potential equity commitments or deployment timing from a BIP perspective?

Sam Pollock: I might ask Lief in a second to just comment on some of the initiatives we have globally. Some are still in the early stage, and so we can't get into too much specifics on them. But I'd say we've been busy developing a number of them for the past year, and to the extent that they are sovereign AI factories, those tend to take a bit of time just because of the nature of dealing with governments.

On the potential deployment, I think if we look out over a longer-term timeframe on a 3 to 5-year timeframe, we see the potential for BIP to be significant and a major component of our investments. But what I would say is because many of these opportunities are development related, there is a delayed draw component to them. The capital gets deployed over a period of time, so I think the significant dollars for the AI factories will come in a couple of years as opposed to the next year or two.

So I would just caution you from that perspective, even though we're discussing large dollars here, I think they're somewhat back-end loaded to use that terminology. But maybe now just to get into some of the projects we're working on. Lief, do you want to just give a quick update?

Lief Williams: Yes, absolutely. Thanks for the question, Devin. So as Sam articulated, we see a massive opportunity in the space. We think that in excess of 100 gigawatts of incremental load will be required over the next decade. When you think about that, really hyperscalers are looking for partners who can engage at scale and can really help move the needle from that perspective. So when you think about building out a gigawatt-plus scale campus, that's a huge, huge undertaking, and we announced a project yesterday in West Kentucky that is located on a Department of Energy site that will ultimately serve a data center in excess of 1.2 gigawatts of IT load. That type of project will require up to $100 billion in private capital, that will support both the data center itself as well as the compute inside and the power generation that will support it. We think that last piece is a really crucial component to building out these AI factories.

Being able to indicate that there will not be an adverse impact to local ratepayers and that these AI factories are bringing their own generation. We think that's crucial both for the data center itself from a practical perspective in terms of having the electrons available, but also from a social license perspective and ensuring that there is strong local support and that these sites are bearing the cost of the grid that is ultimately required.

From Brookfield's perspective, we've been looking for sites like this around the world, given our global footprint. As mentioned, we announced a large-scale project yesterday in the U.S. But we also have large-scale sites in Canada, in Europe, and we recently announced one in South Korea. We think that we're very well positioned to be a partner of choice for these large technology companies and sovereign governments around the world.

Devin Dodge: Okay, and then just the follow-up to that is just for your data center businesses, there seems to be growing pushback around the build-out of these facilities. We've definitely seen that more recently in the U.S. How do you think this plays out over time? Do you build where there's less resistance? Or are there different approaches being pursued that could address at least some of the concerns from governments and local communities?

Ben Vaughan: Thanks Devin, it's Ben here. As you noted, there definitely is an increased nimbyism or pushback against certain data center developments. And there are also, I'd make the observation, there's lots of sort of false narratives and perceptions out there about the industry itself.

Our experience is that many local communities do welcome data center investments, and from a geography perspective, as you noted, it's probably the most prevalent in the U.S. right now. We are noting that it's growing, I would say in the European market, and we are starting to see some of this type of pushback in smaller markets like Canada as well, so it's definitely a dynamic.

In terms of the false perceptions themselves, they mostly relate to things like water consumption, rising electricity rates and noise, a perception that data centers create a lot of local noise. So what the industry broadly is focusing on are very fulsome solutions to those types of issues because there are examples where those issues do manifest themselves, although by and large, the industry is good at these things. But the specific things are closed-loop water cooling as an example, where the consumption of water is de minimis, being neutral to actually positive on electricity rates and in supporting local utilities, in supporting their local grids and minimizing noise.

With that, I'd just say our businesses that we're focused on and our operating companies, we're leaders on all of these fronts in the industry, and we are seeing support from many local communities.

In terms of your question of where data centers get developed, I do think that the industry itself, there are lots of false perceptions and the industry is actively working on ensuring that it has solutions to all the concerns, and we're just focusing on the geographies where developments are welcome.

Maurice Choy: Just a quick question on AI for a moment. Notwithstanding all the comments that you just made about nimbyism and an earlier response about timing of payoff for the Capex in AI, you've obviously been quite successful in signing a number of AI-related deals in Kentucky and South Korea. Maybe we are front-running the Investor Day a little bit, but I'm curious whether you see these AI opportunities as progressing in line with your prior projections? Or are there pockets of the AI infrastructure value chain that you think may be accelerating?

David Krant: I'll start Maurice, I think from a business plan perspective, I'd say it's fairly in line with what we had expected from a deployment perspective. Maybe the pace of the announcements and the initial frameworks agreed to maybe have accelerated a little faster than we would have thought. But otherwise, from a pure investing perspective, I think we're right on track. You will recall at Investor Day last year, we said if the AI infrastructure strategy unfolds the way we thought it would, we would be deploying $500 million of equity a year into this strategy. I think with Bloom to date, the contracts we have in place would probably put us close to $100 million year-to-date, and if we do upsize the framework and participate, that will certainly get us closer to the midpoint or the high end of that range we gave.

Then so as we look ahead to the following years to come, I think as we progress the commercial fronts on the AI factories in the various regions that Lief referred to, that will help achieve that $300 million to $500 million of equity invested in AI infrastructure on an annual basis. So I think we're kind of in line with where we thought we'd be.

Sam Pollock: And maybe just on the second part of your question about are we seeing all the various pockets of the value chain generating opportunities for us. Our AI group commonly refers to $7 trillion of potential opportunities which obviously is a big number. But you can already see with the magnitude of the projects that we've signed, the market is massive. We generally talk about four areas where we see opportunities. One would be AI factories, two would be compute, three would be behind-the-meter power opportunities, and then we kind of have a catch-all area of adjacencies related to AI. So in terms of the first three, I think you can see that we are actually advancing the strategy quite well.

In terms of compute, we've established Radiant, which is our in-house Neo cloud, and we've already signed agreements with customers to provide compute, the most recent one would be with NAVER, which will scale that up dramatically. Behind-the-meter power opportunities, Bloom is a poster child for that. I don't think we could have asked for anything better than that relationship. Then in terms of the AI factory, Lief just described all the different ones that we're pursuing, and we expect those to be shovel-ready, hopefully, in the next number of quarters.

So in terms of the first three components, I think absolutely we've demonstrated the opportunities, and on the adjacencies, that's really in all parts of our business, seeing opportunities come out of AI. As Dave mentioned, we're seeing trickle-on effects into our transportation business. I think the opportunity set is absolutely developing as we expected, and I think as you alluded to our upcoming Investor Day presentation, we'll probably touch on this a lot more.

Maurice Choy: Looking forward to that. If I could finish off with a comment that you've made, I think quoting you in the press release, the public markets have been increasingly effective exit channels to maximize value in your capital recycling program. Can you unpack that a little bit for us, especially relative to the private channels that you've utilized more in the past or perhaps how the private channels have changed?

Sam Pollock: I'll answer that question. In short, nothing's changed on the private channels. The private channels remain open and all the various, as we referred to our tools in our toolkit to exit remain very relevant, and we're executing them as we speak. What has changed in the last, let's call it, nine to 12 months is just the fact that the equity capital markets opened up and we're very receptive to new IPOs which we hadn't really seen for a couple of years.

Prior to doing the Rockpoint at IPO, I think the previous one was probably DBI which was 2020 or something like that. So we're just taking advantage of the market as it exists as really just a competing source of capital to the private markets. In some industries it's competitive, in other industries, it's less so. The market window opens and closes, it's probably closed for the next little bit, but I suspect it will reopen just given some of the exciting companies that we know are coming to market in the fall. So we definitely don't think this market has shut for sure. It's going to reopen and we'll continue to consider it on other opportunities.

Operator: And I am showing no further questions from our phone lines. I'd now like to pass the conference back to Sam Pollock for any closing remarks.

Sam Pollock: All right. Well thank you, Crystal and thank you to everyone for joining the call this morning. We hope everyone is enjoying their summer so far for those in the Northern Hemisphere and look forward to hosting all of you for our Investor Day in Toronto on September 29 where we look forward to providing you with an update on all our strategic priorities and our growth outlook. In the meantime, thank you again, and I ho