

Brookfield Infrastructure Partners (NYSE: BIP)

Utilities & Renewables Sector

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Agenda

Agenda

Industry Overview

Company Overview

Investment Thesis

Catalysts

Financial Valuation

Risks and Mitigants

Conclusion

Industry Overview

Overview

Consists of stocks that provide electricity, natural gas, and water services

Utilities stocks tend to be long term holdings and generate steady income for portfolio

Tend to do well against macroeconomic downturns and risks

Key Trends

- 1

Sustainability

Increase in decarbonization goals
- 2

Resiliency

Strengthening of utilities strategies
- 3

Digital Transformation

Expeditions of clean energy

Diversified Assets

Midstream Businesses

Move gas from wells to homes and businesses

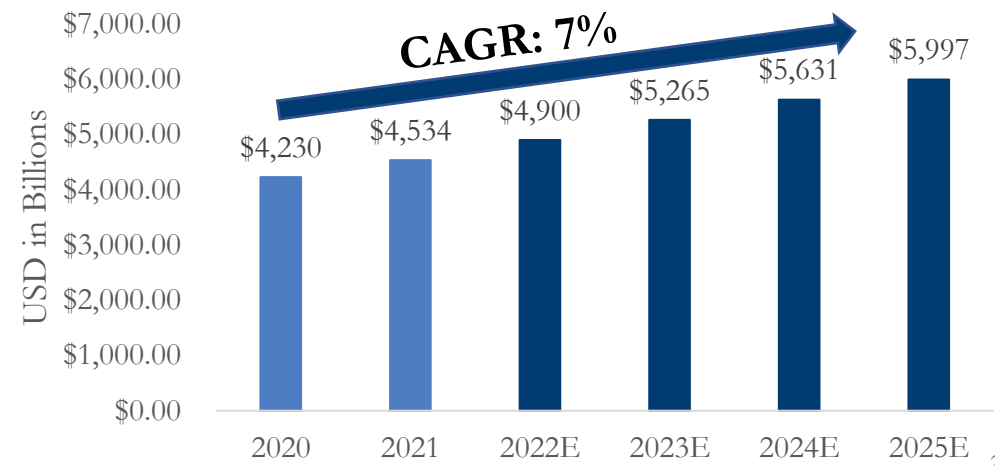
Data Centers

Storage of telecommunication & computers systems

Transport

Transit systems enable movement of people & goods

Global Utilities Market Growth Potential



Company Overview

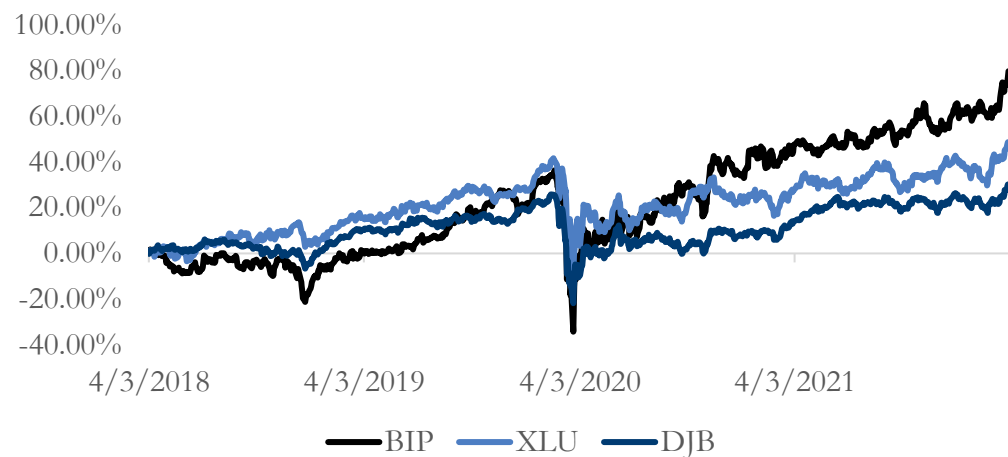
Basic Company Information

Significant owner in high quality assets in global infrastructure

Exposure to Midstream Pipeline, Railroad & Toll Infrastructure, Contracted Utilities and Data Centers

Investments led to stable cash flows and a distribution growth target of 5-9%

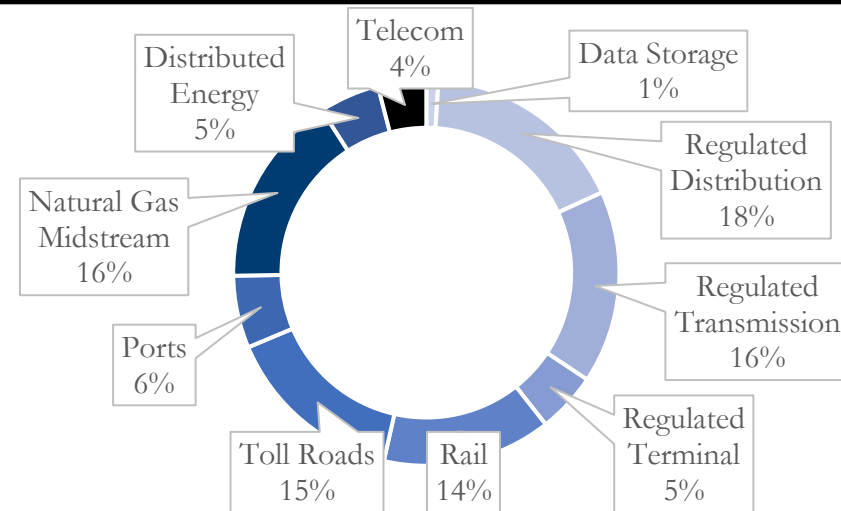
Price Performance 2018-2022



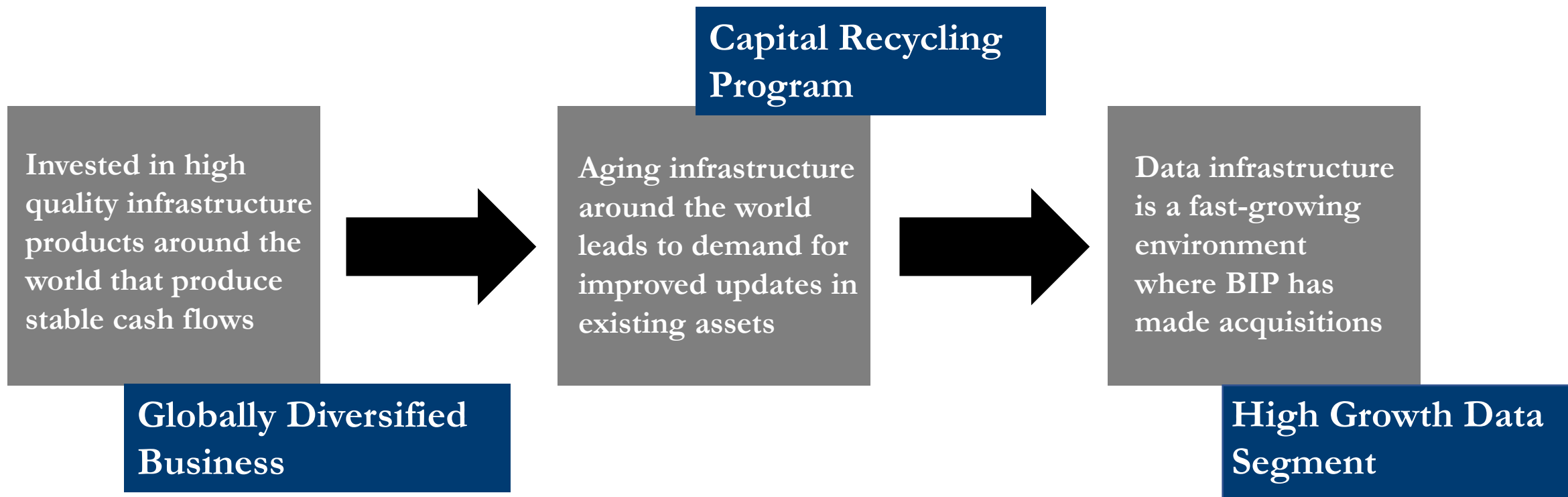
Key Statistics

Current Share Price	\$66.83
52 Week Range	\$52.44 – \$69.01
Market Capitalization	\$19.65 B
Enterprise Value	\$50.97 B
Year Founded	2008
Dividend	3.24%

Asset Breakdown



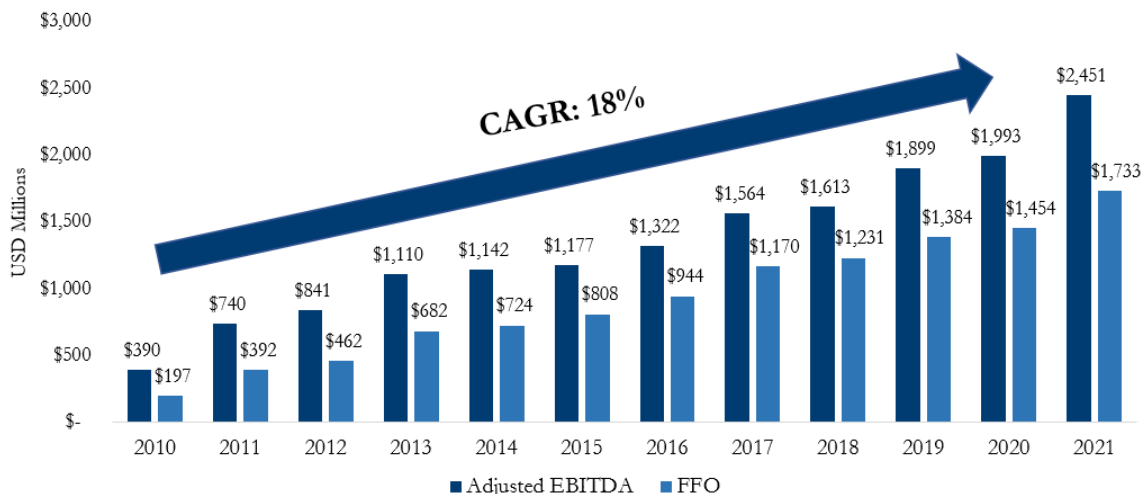
Investment Thesis



Globally Diversified with Predictable, Recurring Cash Flows

Binghamton Investment Fund | Utilities & Renewables Sector

Strong Historical Growth



Sustainable Growth and Beneficial Economy

Average EBITDA margin was ~55% for the past five years

~90%
regulated or
contracted

~70%
**indexed to
inflation**

~60%
without
volume risk

Current pricing
environment
positively impacts
25% of market
sensitive midstream
revenues

Globally Diversified

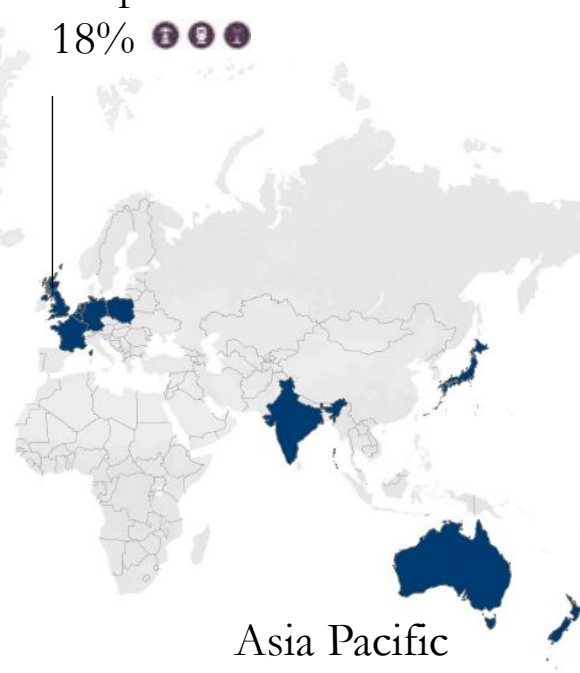
North America

44%



Europe

18%



South America

20%

Asia Pacific

18%

- DATA
- UTILITIES
- TRANSPORT
- MIDSTREAM

Capital Recycling Program

Positioned to Meet Demand

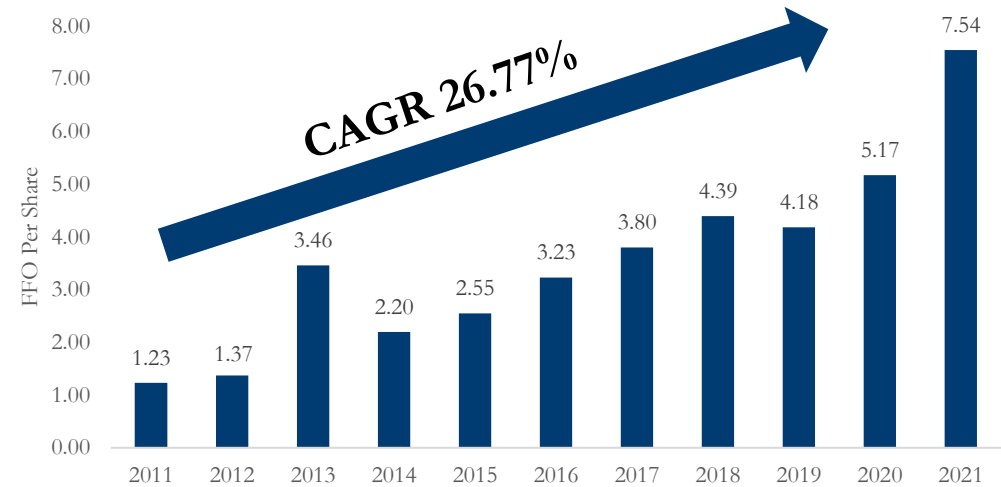
Estimated \$69 trillion global investment in infrastructure is needed by 2035

Brookfield's high yield cash flows and rates of returns from operations allow for reinvestment of FFO into new capital recycling projects

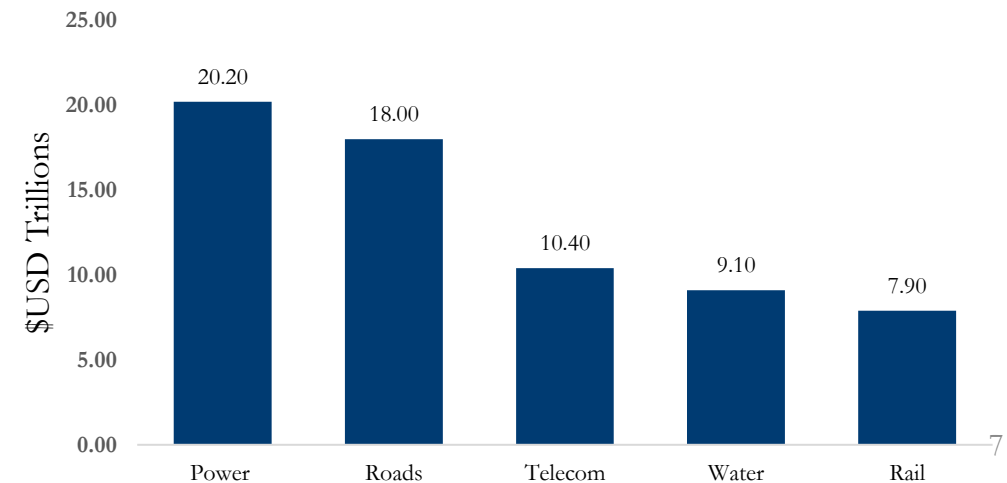
Recent Deals

- **Inter Pipeline-** petroleum pipeline critical for North American infrastructure that supports initiatives to reduce carbon footprint
- **Ausnet-** Australian utilities company working to achieve net zero by 2050, high growth potential within the Australian State of Victoria

FFO Per Share

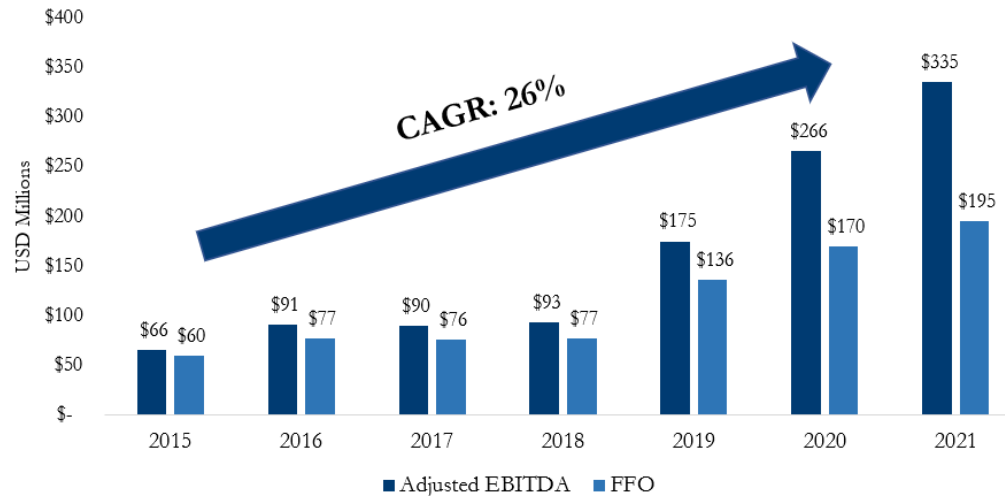


Global Investment Needed by 2035



High Growth Data Segment

Data Segment Historical Growth



Varied Assets

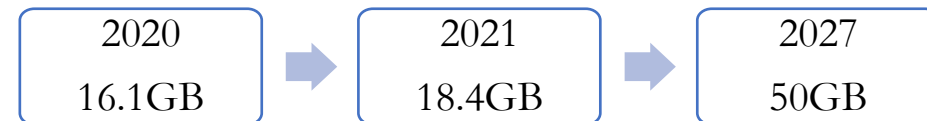
- **50 data centers** in North and South America and Asia Pacific
- **148,000 operational telecom towers** in India
- **9,200 telecom towers and active rooftop sites** in France & UK
- **1,600 cell sites and over 12,000 km of fiber optic cable** in New Zealand

Strategic Partnerships in India



Growth in India

Average traffic per smartphone



Data center capacity



ESG Overview

Overall ESG Policy



Incorporating ESG related issues into investment decisions



Effects of corporate decisions to minimize carbon footprint

Utilities ESG



N.A. residential infrastructure sub metering leads to a 40% decrease in energy consumption

First green bond issued in early 2020 investing in energy transparency

Data Center ESG



Renewable 100MW datacenter project in Amsterdam

Data center in Brazil where 85% of contracts are renewably sourced

Switch to 100% renewable source contracts by 2024

Midstream ESG

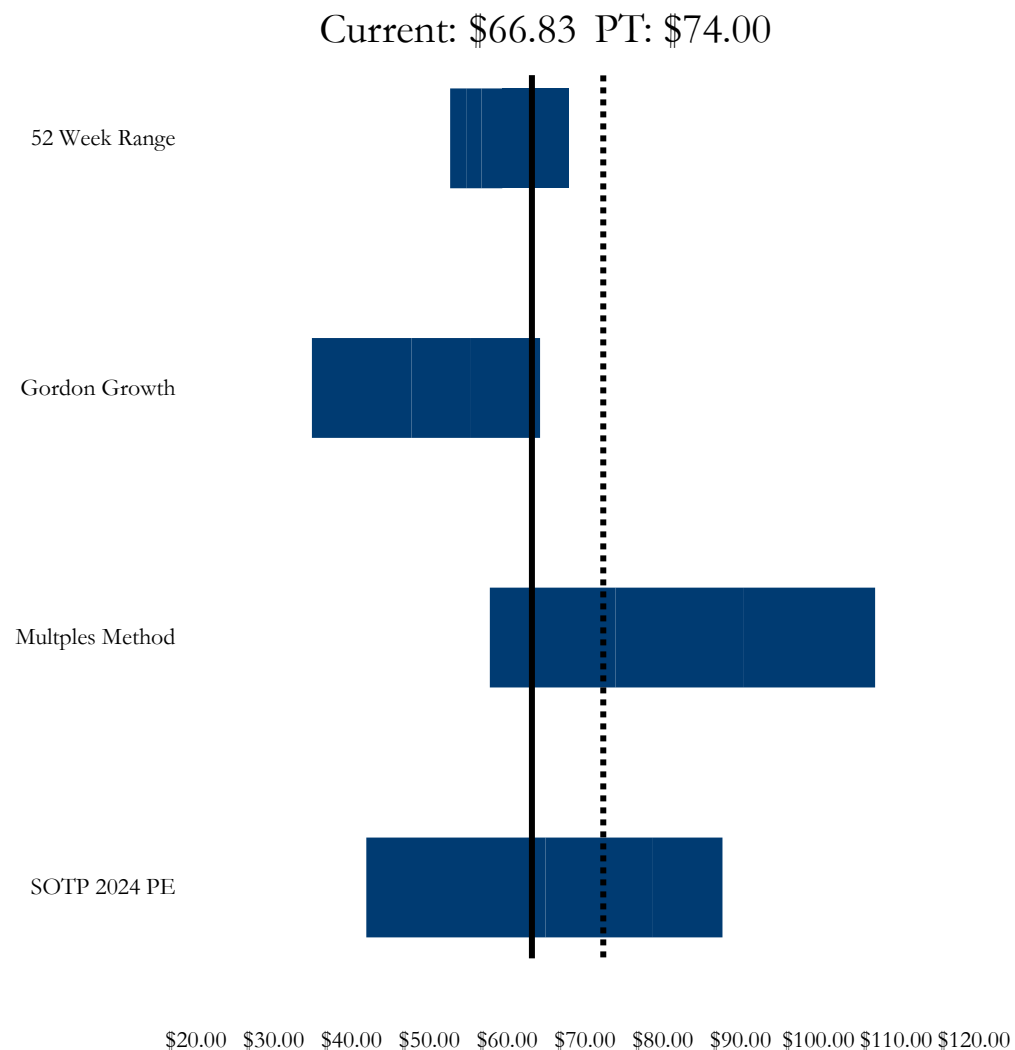
Natural gas emits 50-60% less than coal

IPL's carbon capture and hydrogen byproduct

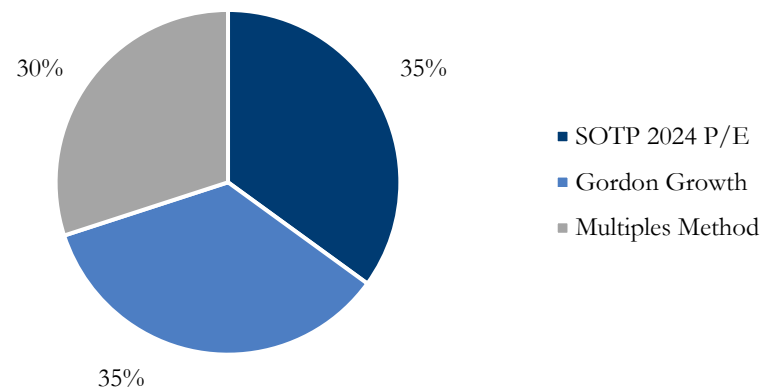
50% reduction in methane emissions from N.A. gas storage

Valuation

Football Field Analysis



Weighting and Sensitivity Tables



		Growth Rate				
		2.00%	2.25%	2.50%	2.75%	3.00%
WACC	6.72%	64.57	71.45	79.13	87.79	97.60
	6.97%	55.98	62.04	68.77	76.31	84.79
	7.22%	48.24	53.61	59.55	66.16	73.54
	7.47%	41.25	46.03	51.30	57.12	63.60
	7.72%	34.90	39.18	43.87	49.03	54.74

		EV/EBITDA				
		7.68x	8.68x	9.68x	10.68x	11.68x
WACC	6.72%	63.74	78.93	94.12	109.31	124.50
	6.97%	62.22	77.24	92.26	107.28	122.31
	7.22%	60.71	75.57	90.42	105.28	120.14
	7.47%	59.22	73.92	88.61	103.30	118.00
	7.72%	57.76	72.29	86.82	101.35	115.88

Risks and Mitigations

Risks

Supply chain risks in commercial transportation segment

Potential for natural gas price decreasing due to easing international tensions

Rising interest rates impact future cash flow projections

Mitigants

Diversified conglomerate with multiple revenue streams

Natural gas is part of the larger macro transition into cleaner energy

BIP is a mature company with recurring revenue and has 90% total debt outstanding at a fixed rate

Summary



Investment Thesis

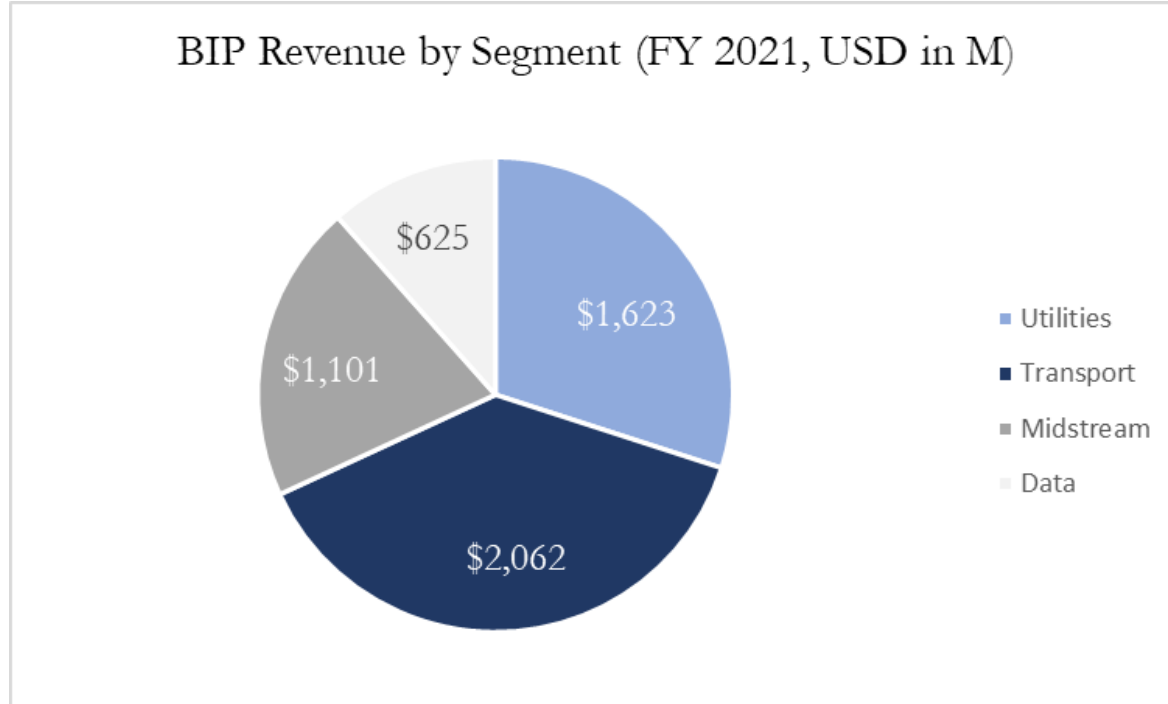
- Globally diversified business with recurring cash flows
- Available cash flows leads to further investment in undervalued projects through capital recycling
- Expansion into high growth opportunities in the data center space

Thank You

Questions?

Appendix

Revenue By Segment

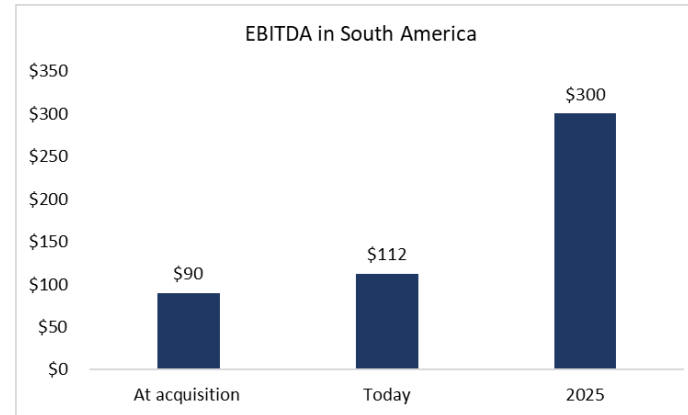
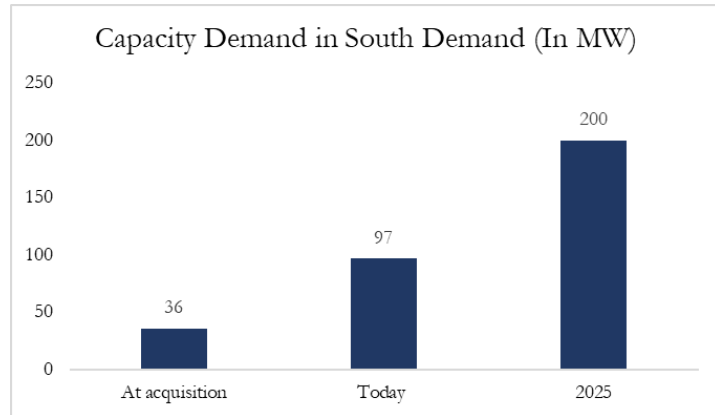


	% of revenue
Utilities: \$1,623M	29.99%
Transport: \$2,062M	38.11%
Midstream: \$1,101M	20.35%
Data: \$625M	11.55%

Data Segment – South America/India

Ascenty Data Center

- 50/50 partnership with Digital Realty
- 36MW of operating capacity
- Further expansion into Chile and Mexico



Partnership with Digital Realty (India)

- 19% annual data demand growth through 2025
- Cloud penetration 20% to 50% by 2025 (\$350M)
- 460MW in 2020 to 2,500MW in 2025

85% of revenues indexed to inflation
54% Adjusted EBITDA margin
\$500M of investment within the next 2-3 years

Capital Recycling – Liquidity



\$1B proceeds, 30% return on investment

NGPL

\$400M proceeds, 21% return on investment



\$2 Billion raised from 3 recent asset sales

Smart Meter Portfolio

\$1B proceeds, 30% return on investment

BBB+ Credit rating
\$3 billion in corporate liquidity
No significant maturity due within 5 years

✓ Sold 19 businesses¹ in the past 13 years
Generated \$6.5 billion of gross proceeds; average IRR ~25%

✓ Progressing the next phase of our capital recycling program
On track to deliver our five-year capital recycling goal of \$7.5 billion from 2021

Transportation Segment

"Our transport segment is comprised of infrastructure assets that provide transportation, storage and handling services for merchandise goods, commodities and passengers, for which we are generally paid an access or transportation fee"

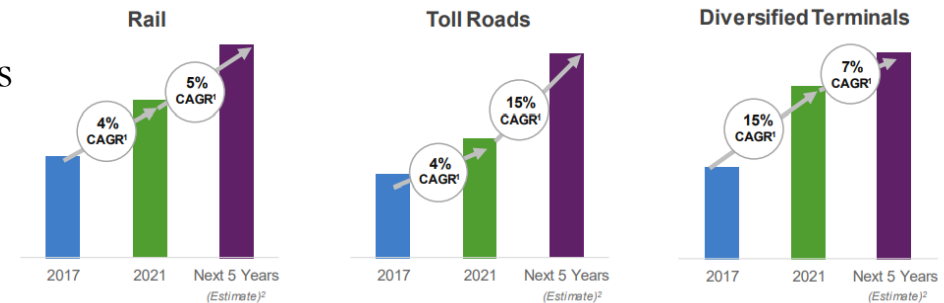
Transportation Segment

- NA rail revenues came from haulage of freight per ton, other revenue is earned from port terminal railroad operations
- Toll roads in growing high traffic areas in Brazil and South America
- 116 short line short line and regional freight railroads North America and Europe
- \$4Bn capital investment program
- 5,500 km of track and 4,800km of rail in Brazil
- No customer makes up more than 3% of revenue

85% of revenues have tariffs supported by long term contracts

47% adjusted EBITDA margin

Higher barriers to entry



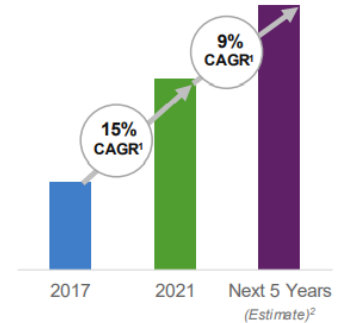
Utility Segment

Commercial and Residential Distribution

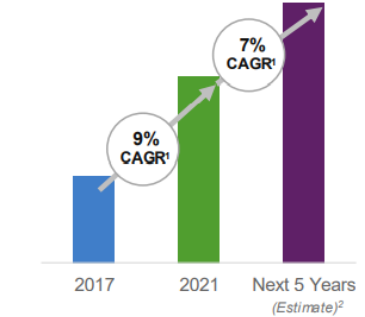
- Include regulated transmission from natural gas and electricity to commercial and residential distribution
- Services 1.9 million customers in US and Canada
- 61,000 km of electricity transmission in Australia, 5,300 in Brazil, 4,200 km of natural gas pipelines in NA, SA, and India

90% of cash flows indexed to inflation

Regulated Transmission



Commercial & Residential Distribution

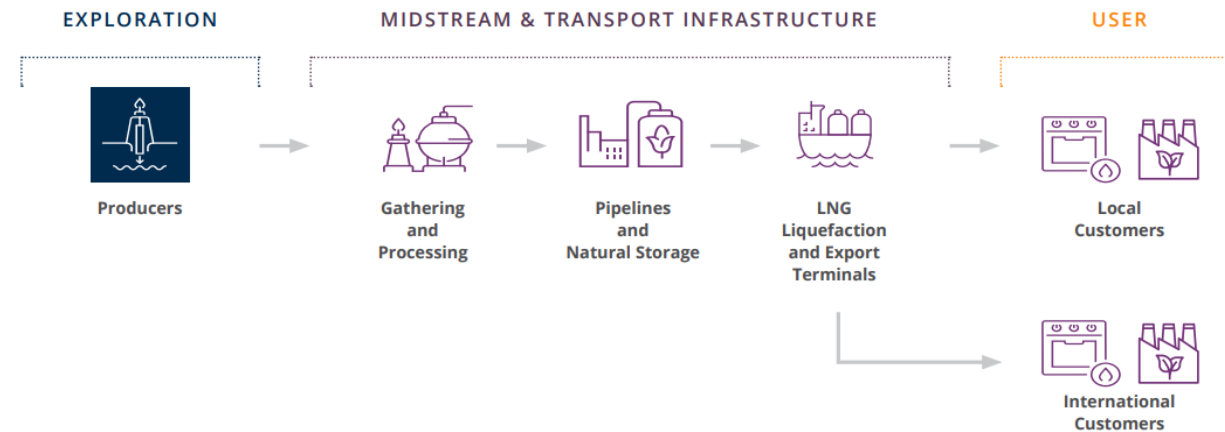


Regulated Transmission

- 4,200km of natural gas pipelines in NA, SA, and India, 5,300km of transmission in Brazil
- Australian Regulated Utility is positioned to capture a high portion of Victorian regulated electricity market

Midstream Operations

"Operates 15,000 kilometers of midstream transmission pipelines, 600 billion cubic feet of natural gas storage, 16 natural gas processing plants, and 3,400 kilometers of gas gathering pipelines. "



Diversified terminals throughout NA, UK, and Australia
LNG Export Terminals: 30M tonnes per year in US and **85M** tonnes per year in Australia

25% of revenues indexed to inflation, 53% Adjusted EBITDA margin

Income Statement

Consolidated Statements of Operating Results - USD (\$) \$ in Millions								
Consolidated Statements of Operating Results - USD (\$) \$ in Millions	FY 2019	FY 2020	FY 2021	FY2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Revenues	\$6,597	\$8,885	\$11,537	\$12,803	\$13,093	\$13,480	\$13,965	\$14,518
Expenses								
Direct operating costs	3,395	4,843	8,247	\$9,480	\$9,616	\$9,833	\$10,047	\$10,372
<i>% of Sales</i>	51.5%	54.5%	71.5%	74.0%	73.4%	72.9%	71.9%	71.4%
General and administrative expenses	279	312	406	448	458	431	419	436
<i>% of Sales</i>	4.2%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Depreciation and amortization expense	1214	1705	0	0	0	0	0	0
<i>% of Sales</i>	18.4%	19.2%	0.0%	0.0%	0.3%	0.5%	0.8%	1.0%
Total Expenses	4888	6860	8653	9928	10074	10264	10466	10808
Operating Income (Loss)	1,709	2,025	2,884	2,876	3,019	3,216	3,499	3,710
Other Income (Expense)								
Interest expense	-904	-1179	-1468	1694	1733	1784	1848	1921
<i>% of Sales</i>	13.7%	13.3%	12.7%	13.2%	13.2%	13.2%	13.2%	13.2%
Share of earnings from investments in associates and joint ventures	224	131	88	240	246	253	262	273
<i>% of Sales</i>	3.4%	1.5%	0.8%	1.9%	1.9%	1.9%	1.9%	1.9%
Mark-to-market on hedging items	57	-16	80	59	60	62	64	67
<i>% of Sales</i>	0.9%	-0.2%	0.7%	0.5%	0.5%	0.5%	0.5%	0.5%
Other income (expense)	-158	234	1749	657	672	692	717	745
Income Before Income Tax	928	1195	3,333	5526	5730	6006	6390	6716
Income tax expense	-278	-291	-614	-1216	-1261	-1321	-1406	-1477
<i>Tax Rate</i>	30.0%	24.4%	18.4%	22.0%	22.0%	22.0%	22.0%	22.0%
Net Income (Loss)	\$ 650	\$ 904	2,719	\$ 4,310	\$ 4,469	\$ 4,685	\$ 4,984	\$ 5,238

Revenue Build

Brookfield Infrastructure Partners								
	FY 2019	FY 2020	FY 2021	FY 2022E	FY 2023E	FY 2024E	FY 2025E	FY 2026E
Transportation	1390	1573	2062	2163	2270	2382	2499	2622
% Growth	-13.8%	13.2%	31.1%	4.9%	4.9%	4.9%	4.9%	4.9%
% of Pre-Adjustment Revenue	33.3%	38.4%	38.1%	33.9%	33.8%	33.3%	32.5%	31.6%
Utilities	1432	1434	1623	1615	1686	1761	1839	1920
% Growth	35.7%	0.1%	13.2%	-0.5%	4.4%	4.4%	4.4%	4.4%
% of Pre-Adjustment Revenue	34.3%	35.0%	30.0%	25.3%	25.1%	24.6%	23.9%	23.1%
Midstream	1014	572	1101	1874	1887	1973	2136	2346
% Growth	51.8%	-43.6%	92.5%	70.2%	0.7%	4.6%	8.3%	9.8%
% of Pre-Adjustment Revenue	24.3%	14.0%	20.3%	29.4%	28.1%	27.6%	27.8%	28.3%
Data	336	519	625	726	879	1045	1225	1415
% Growth	97.6%	54.5%	20.4%	16.2%	21.0%	19.0%	17.2%	15.5%
% of Pre-Adjustment Revenue	8.1%	12.7%	11.6%	11.4%	13.1%	14.6%	15.9%	17.0%
Adjustments	2732	4787	6126	6425	6372	6319	6267	6215
% Growth	138%	75.2%	28.0%	4.9%	-0.8%	-0.8%	-0.8%	-0.8%
Minority Interest								
Total Revenues	\$6,904	\$ 8,885	\$11,537	\$ 12,803	\$ 13,093	\$ 13,480	\$ 13,965	\$ 14,518
% Growth	48.4%	28.7%	29.8%	11.0%	2.3%	3.0%	3.6%	4.0%

Balance Sheet

Brookfield Infrastructure Partners							
Consolidated Statements of Financial Position - USD (\$) \$ in Millions	FY 2019	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Assets							
Cash and cash equivalents	827	867	1140	1275	1840	1,406	1,406
Financial assets	432	698	1,036	1121	985	740	740
Accounts receivable and other	1,960	1,925	1,877	2041	2496	2,204	2,204
Inventory	242	221	213	285	361	400	400
Assets classified as held for sale	2,380	-	2,486	1156	957	146	146
Current assets	5,841	3,711	6,752	5878	6639	4,896	4,896
Property, plant and equipment	23,013	31,584	29,197	28005	38291	38,655	38,655
Intangible assets	14,386	11,767	11,807	12406	13653	14,214	14,214
Investments in associates and joint ventures	4,967	5,528	4,972	5127	4943	4,725	4,725
Investment properties	416	518	538	563	580	655	655
Goodwill	6,553	6,634	6,570	6811	8614	8,979	8,979
Financial assets	763	709	458	485	598	536	536
Other assets	257	756	835	867	981	1,141	1,141
Deferred income tax asset	112	124	113	136	153	160	160
Total assets	\$ 56,308	\$ 61,331	\$ 61,242	\$ 60,278	\$ 74,452	\$ 73,961	\$ 73,961
Liabilities							
Accounts payable and other	2,410	3,277	3,491	2,864	4156	4,019	4,019
Corporate borrowings	-	-	90	496	498	431	431
Non-recourse borrowings	1,381	1,551	1,255	1,332	2765	2,701	2,701
Financial liabilities	329	696	668	1,462	1506	1,510	1,510
Current liabilities	5,439	5,524	7,091	7,013	10184	8,661	8,661
Corporate borrowings	2,475	3,158	2,332	2,326	2926	2,288	2,288
Non-recourse borrowings	17,163	18,469	18,176	18,667	23597	23,833	23,833
Financial liabilities	1,844	2,678	2,460	1,432	1423	1,730	1,730
Other liabilities	2,570	5,197	4,875	4,656	5065	5,027	5,027
Deferred income tax liability	4,620	4,612	4,336	4,713	5876	6,011	6,011
Preferred shares	20	20	20	20	20	20	20
Total liabilities	\$ 34,131	\$ 39,658	\$ 39,290	\$ 38,827	\$ 49,091	\$ 47,570	\$ 47,570
Partnership capital							

Change in NWC

Brookfield Infrastructure Partners											
<u>NWC (\$USD in Millions)</u>	FY 2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021	FY/2021	FY/2022	FY/2023E	FY2024E	FY 2025E	FY/2026E
Inventory	221	213	285	361	400	400	302	310	320	332	345
COGS	1,472	332	414	588	733	2,067	2,185	2,236	2,302	2,385	2,480
Days Sales in Inventory	55	58	62	55	49	71	50	51	51	51	51
Accounts Receivable	1,925	1,877	2,041	2,496	2,204	2,204	2,533	2,598	2,680	2,783	2,893
A/R Days	79	63	69	76	61	70	72	72	73	73	73
Assets classified as held for sale	0	2486	1156	957	146	146	74	76	79	82	85
Revenues	8885	2683	2663	2939	3252	11537	12803	13093	13480	13965	14518
% of Revenue	0.00%	92.66%	43.41%	32.56%	4.49%	1.27%					
Total Current Assets	2146	4576	3482	3814	2750	2750	2910	2984	3079	3196	3323
Accounts Payable	3277	3491	2864	4156	4019	4019	4224	4332	4469	4640	4824
COGS	1,472	332	414	588	733	2,067	2,185	2,236	2,302	2,385	2,480
Days Payable Outstanding	813	946	623	636	493	710	706	707	709	710	710
Total Current Liabilities	3,277	3,491	2,864	4,156	4,019	4,019	4,224	4,332	4,469	4,640	4,824
Net Working Capital	(1,131)	1,085	618	(342)	(1,269)	(1,269)	(1,314)	(1,348)	(1,391)	(1,444)	(1,501)
Δ NWC	-	2,216	(467)	(960)	(927)	(138)	(45)	(34)	(43)	(53)	(57)

WACC

Brookfield Infrastructure Partners	(\$USD in Millions)
Market value of debt	28,822
Weight of debt	59.37%
Pre-Tax cost of debt	8.150%
Tax rate	22%
Tax effected cost of debt	6.357%
Market value of equity	19,727
Weight of equity	40.63%
Risk free rate	2.650%
Market risk premium	9%
Beta	0.92
Cost of equity	8.480%
Weighted average cost of capital	7.220%
EBIT Interest Coverage (FV 2021)	1.96

DCF

Discounted Cash Flow							
USD (\$) in Millions	FY 2020	FY 2021	FY2022	FY 2023	FY 2024	FY 2025	FY 2026
EBIT	2,025	2,884	2,876	3,019	3,216	3,499	3,710
NOPAT	1532	2353	2243	2355	2508	2729	2894
Tax Rate	24%	18%	22%	22%	22%	22%	22%
Plus: D&A	1705	2036	2297	2349	2419	2506	2605
Less: CapEx	(1,472)	(2,067)	(2,185)	(2,236)	(2,302)	(2,385)	(2,480)
Less Change in NWC	-	(138)	(45)	(34)	(43)	(53)	(57)
FCFF			2400	2502	2668	2903	3076
Discount Factor			0.75	1.75	2.75	3.75	4.75
PV of Cash Flows			2278	2215	2202	2235	2209

Gordon Growth (*in millions except price)	
Terminal CF	2,209
Terminal Value	47,981
PV of Terminal Value	34,457
Enterprise Value	45,596
Less: Debt	28,822
Add: Cash	1406
Equity Value	18,180
Diluted Shares Outstanding	305
Price Per Share	\$ 59.55

Multiples Method (*in millions except share price)	
Terminal EBITDA	6,315
Terminal Value	61,104
PV of Terminal Value	43,880
Enterprise Value	55,019
Less: Debt	28,822
Plus: Cash	1,406
Equity value	27,603
Diluted shares outstanding	305
Price Per Share	\$ 90.42

SOTP

BIP																		
Company	Ticker	Stock Price	Shares Out.	Net Debt	Enterprise Value	Market Cap	LTM Rev	2024E Rev	LTM EBITDA	2024E EBITDA	LTM EPS	2024E EPS	LTM EV/REV	2024E EV/Rev	LTM EV/EBITDA	2024E EV/EBITDA	LTM P/E	2024E P/E
<u>Transportation</u>																		
Union Pacific	UNP	244.86	636898.957	28433000	184384078.6	153951078.6	21,804,000	25,656,000	11,546,000	14,160,000	9.95	13.78	8.46x	7.19x	15.97x	13.02x	24.61x	17.77x
CSX	CSX	34.74	2193389.444	14127000	90325349.28	76198349.28	12,522,000	14,797,000	7,014,000	7,944,000	1.68	2.18	7.21x	6.10x	12.88x	11.37x	20.68x	15.94x
Norfolk Southern	NSC	258.66	239777.444	13001000	75021833.67	62020833.67	11,142,000	12,922,000	5,628,000	6,691,000	12.11	16.25	6.73x	5.81x	13.33x	11.21x	21.36x	15.92x
<u>Electric and Gas</u>																		
Sempra	SRE	168.05	315653.893	24086000	77131636.72	53045636.72	12,857,000	13,990,000	4,955,000	6,365,000	8.43	9.46	6.00x	5.51x	15.57x	12.12x	19.93x	17.77x
Consolidated Edison	ED	97.56	354090.402	23540000	58085059.62	34545059.62	13,676,000	14,607,000	4,858,000	5,654,000	4.39	5.07	4.25x	3.98x	11.96x	10.27x	22.22x	19.24x
Eversource Energy	ES	92.14	344439.905	20152263	51888955.85	31736692.85	9,863,000	10,852,000	3,328,000	4,108,000	3.86	4.64	5.26x	4.78x	15.59x	12.63x	23.87x	19.85x
PPL	PPL	29.13	735361.885	7638000	29059091.71	21421091.71	5,783,000	7,194,000	3,329,000	3,504,000	1.05	1.75	5.02x	4.04x	8.73x	8.29x	27.74x	16.68x
<u>Telecom</u>																		
Verizon	VZ	52.67	4197823.662	147947000	369046372.3	221099372.3	133,600,000	141,936,000	48,380,000	52,709,000	5.39	5.76	2.76x	2.60x	7.63x	7.00x	9.77x	9.15x
AT&T	T	23.73	7142892.741	137526000	327026844.7	169500844.7	168,900,000	138,732,000	51,469,000	47,463,000	3.40	2.80	1.94x	2.36x	6.35x	6.89x	6.98x	8.49x
T-Mobile	TMUS	133.28	1249289.954	67562000	234067365.1	166505365.1	80,118,000	87,113,000	26,924,000	31,906,000	2.41	9.22	2.92x	2.69x	8.69x	7.34x	55.30x	14.46x
Lumen	LUMN	11.4	1023372.224	28628000	40294443.35	11666443.35	19,687,000	16,001,000	8,424,000	6,414,000	1.91	0.96	2.05x	2.52x	4.78x	6.28x	5.97x	11.85x

4.78x	4.32x	11.04x	9.68x	21.68x	15.19x
			2024E EPS	\$	4.93
				\$	74.97

Min	8.49x	\$	41.88
Q1	13.155274	\$	64.92
Med	15.94x	\$	78.64
Q3	17.768629	\$	87.69
Max	19.85x	\$	97.97