

August 25, 2020

BIP.UN/BIP (T/N) Cdn\$59.49; US\$45.10
TARGET PRICE: US\$52.00
ESTIMATED TOTAL RETURN: 20%

US\$

52-week High	\$50.23
52-week Low	\$22.99
Units Outstanding (fd mln)	464.9
Market Capitalization (mln)	\$20,967

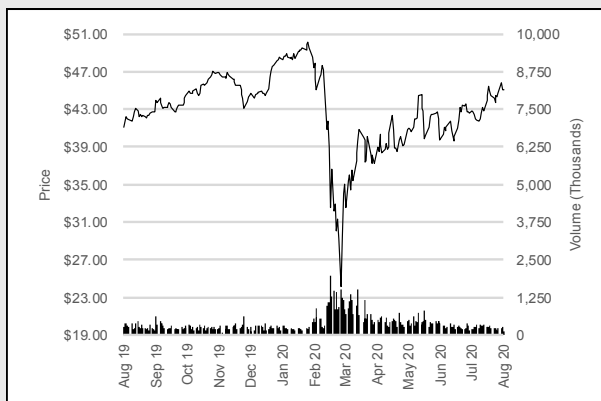
Fiscal Year End: December 31

US\$	2019a	2020e	2021e
Revenue (mln)	\$3,865	\$3,858	\$4,261
Adj. EBITDA (mln)	\$1,891	\$1,919	\$2,065
FFO/sh	\$3.07	\$2.96	\$3.22
Dividends/sh	\$1.81	\$1.94	\$2.04
Dividend Yield	4.0%	4.3%	4.5%
Payout Ratio	94%	100%	94%
EV/ Adj. EBITDA	17.6x	17.4x	16.1x

As of June 30, 2020

Cash & Equivalents (mln)	\$1,380
Total Debt (mln)	\$12,906
Net Debt (mln)	\$11,526
Net Debt / Capital	0.65
Enterprise Value (mln)	\$32,493

Source: Company Reports, NBF Estimates & Analysis



Source: Refinitiv

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Stock Rating: Outperform

Industry Rating (Multi-Utilities): Market Weight
(NBF Economics & Strategy Group)

Brookfield Infrastructure Partners LP

COMPANY PROFILE

Brookfield Infrastructure Partners L.P. is a Bermuda-based limited partnership established in May 2007 by Brookfield Asset Management (BAM: TSX) as its primary vehicle to own and operate infrastructure assets on a global basis. The General Partner, Brookfield Infrastructure Partners Limited, is a wholly owned subsidiary of BAM.

INVESTMENT HIGHLIGHTS

Invested in long-life, diverse assets with stable cash flows

BIP operates US\$51 bln of assets on five continents and in four operating segments (Utilities, Transport, Energy and Data). About 95% of its cash flows are regulated or contracted, with ~75% indexed to inflation and ~65% carrying no volume risk.

Strongly positioned to withstand recessions

Most of BIP's sensitivity to the broader macro picture is tied to cashflows generated within the Transport segment, which represents 30% of overall cash flows. The Transport segment has volume risk on 70% of its operations, largely within the toll road and container businesses which represent about 15% of overall cash flows. In the worst case, the negative impact on overall FFO during 2020E from this segment could be limited to 5%, inclusive of the impact from Brazilian real from COVID-19. BIP possesses an investment grade balance sheet (rated BBB+), a corporate interest rate coverage ratio of 22x and an avg. debt maturity profile of eight years, with ~90% of the debt fixed and ~85% of the debt non-recourse.

A growth vehicle which should increasingly attract more investors

BIP has grown distributions at a CAGR of 11% since 2009 and targets 5-9% organic growth per year. On average, it aims to invest \$1 bln in new investments per year, sourced primarily through asset recycling. With the markets now stable, BIP looks to be in a better position to monetise assets and is likely to resume its focus on sourcing deals from the private markets after investing in public market securities during most of H1. It has >\$3 bln in liquidity but would look to co-invest with institutional partners (including BAM's recent \$20 bln global infrastructure fund). The recent creation of corporation BIPC, listed on both the NYSE and TSX, is seeing strong interest from investors and should enhance liquidity.

RISK FACTORS

Offtake: The company generates most of its revenues under fixed contracts and as such is subject to risks and uncertainties related to its offtakes. Some of the offtakes are signed with government entities that are subject to political changes.

Foreign Exchange: The company generates a significant portion of its revenue in foreign currencies, including the Brazilian Real. It enters into foreign currency hedges from time to time but does not eliminate all currency risk.

VALUATION

Our target is based on a long-term DCF with a cost of equity of 6.25% on operating assets and \$7/sh of growth.

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