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Corporate Speakers:

- Melissa Low; Brookfield Infrastructure Partners; VP, Investor Relations
- Bahir Manios; Brookfield Infrastructure Partners; Chief Financial Officer
- Sam Pollock; Brookfield Infrastructure Partners; Chief Executive Officer
- Ben Vaughan; Brookfield Infrastructure Partners; Chief Operating Officer

Participants:

- Devin Dodge; BMO Capital Markets; Analyst
- Cherilyn Radbourne; TD Securities; Analyst
- Robert Catellier; CIBC Capital Markets; Analyst
- Andrew Kuske; Credit Suisse; Analyst
- Jeremy Rosenfield; Industrial Alliance Securities Inc.; Analyst
- Robert Kwan; RBC Capital Markets; Analyst
- Rupert Merer; National Bank Financial, Inc.; Analyst
- Ryan Levine; Citigroup Inc; Analyst
- Frederic Bastien; Raymond James Ltd.; Analyst

PRESENTATION

Operator
Good day, ladies and gentlemen, and welcome to Brookfield Infrastructure's Fourth Quarter 2018 Conference Call.

(Operator Instructions)

As a reminder, this call maybe recorded. I would now like to introduce your host for today's conference, Melissa Low. You may begin.

Melissa Low
Thank you, Operator, and good morning. Thank you all for joining us for Brookfield Infrastructure Partners' Fourth Quarter Earnings Conference Call for 2018.

On the call today is Bahir Manios, our Chief Financial Officer, Sam Pollock, Chief Executive Officer and Ben Vaughan, Chief Operating Officer of Brookfield Infrastructure. Following their remarks, we look forward to taking your questions and comments.

At this time, I'd like to remind you that in responding to questions and in talking about our growth initiatives and our financial and operating performance, 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 annual report on Form 20-F, which is available on our website. With that, I'd like to turn the call over the Bahir.

Bahir Manios

Thank you, Melissa, and good morning, everyone. I'm very pleased this morning to provide you with a quick overview of 2018, discuss our results of operations and also touch on our liquidity position.

So first up, we classified 2018 to have been a very active and successful year for our business, where we completed many key priorities that have enhanced our overall profile.

Over the years, Brookfield Infrastructure's business has evolved greatly, not just in terms of size, but also the maturity profiles of our assets. As such, we've taken strides in repositioning our funding model to become much more self-reliant in nature, with respect to how we fund our growth going forward.

We've accomplished this by executing well on our asset rotation strategy, which is an integral component of our full investment cycle plan. The ability for us to buy and sell assets is important because it enables us to capture extra value for our unitholders.

Our goal is to buy higher growth businesses where we can apply our operational expertise, thus, earning higher returns. These investments are funded with proceeds generated from the sale of mature, de-risked businesses, to investors with lower return hurdles.

The value arbitrage between the two can be quite meaningful to our results. This strategy, in addition to being an alternative source of funding, allows us to utilize the capital markets only on an opportunistic basis to fund our growth.

Going forward, we expect the majority of our growth to be funded by the proceeds from asset sales and cash flows [retained] in the business. This is different than when we started the business 10 years ago.

In previous years, we issued equity to fund much of our M&A investment activities on large-scale capital projects. Even though our funding model is evolving, we still have excellent access to the Capital Markets.

As a result, we may, nonetheless, issue equity when we have outside investment opportunities or in circumstances when it makes financial sense to do so. But we are no longer dependent on this approach.

Now, on to our financial results for fiscal 2018. Our business generated funds from operations, or FFO, of $1.23 billion or $3.11 on a per-unit basis.

While FFO benefited from solid organic growth of 8%, compared to 2017, results were impacted by the loss of income associated with asset sales and the time required to redeploy those proceeds. In addition, a stronger U.S. dollar reduced results by approximately $100 million, compared to the prior year.

Results in our utilities segments were solid. Our operating groups contributed FFO of $576 million, compared to $610 million for the prior year, which included approximately $60 million of additional income from the transmission business we sold in 2018.

Underlying performance remains strong, reflecting the benefits of capital commissioned into our rate base and inflation-indexation, which led to a 5% increase in our FFO.

These benefits were partially offset by the loss of income associated with the sale of our electricity transmission operations and higher borrowing costs relating to a debt financing at our Brazilian regulated gas transmission business, both of which were completed in the first half of the year. Results for our utilities segment were also impacted by foreign exchange, which reduced earnings for the year by over $60 million.

Our U.K. regulated distribution operations achieved another record year across all key performance indicators, including new sales and completed connections. By the end of July, our order book exceeded one million connections for the first time and increased further to almost 1.1 million by the end of the year.

Momentum in this business has been sustained by robust growth in home completions in the country and a wide acceptance of our multi-utility offering by homebuilders. In addition, we recently secured two exciting opportunity for our utilities business.

On our North American electricity transmission operation, we obtained the necessary approval to proceed with the construction of a 24-kilometer line connecting our operations to the largest electric utility in Texas. Our share of the project will require an investment of $33 million and should be complete by 2022.

Our transport segment generated FFO of $580 million for the year, which was modestly lower than the prior year. Results on a constant-currency basis actually increased by 5%, as our operating groups benefited from inflation tariff increases and GDP-linked volume growth, arising from solid economic fundamentals in the majority of the regions in which we operate.

In particular, results reflect strong agricultural volumes at our rail operations and higher traffic at our port assets. These positive effects were, partially offset by lower mineral volumes at our Australian rail operations, the impact from the handback of one of our state concessions in our Brazilian toll road business and the impact of foreign exchange, which reduced our results in U.S. dollar terms by approximately $40 million.

Our port operations delivered strong financial performance for the year, with FFO increasing 4% on a constant-currency basis. This improvement in results is primarily driven by strong container volumes in most of our core markets around the world.

On average, volumes were up by 3% and in aggregate, our business delivers over six million lifts per year, which is 6% higher than the prior year.

The growth in our volumes has been driven by new contract wins, and increased capacity utilization on existing vessel costs. Additionally, in Australia, our team successfully secured three new contracts that will add traffic and over $4 million of incremental EBITDA annually.

Our energy segment generated FFO of $269 million in 2018, 29% ahead of the prior year. Results in this segment benefited from the initial contribution of two sizable investments made in a Canadian midstream business and a leading North American residential energy infrastructure company.

We also benefited from a 16% increase in gas transport volumes at our U.S. gas transmission operations due to the production, growth and contributions from the first phase of this Gulf Coast expansion project commissioned in the fourth quarter.

Our North American district energy business was recently awarded a $10 million grant from the Canadian government through a low-carbon economy fund to finance expansion of its deep lake water cooling system.

The expansion will cost approximately $100 million, with BIP’s share being $20 million, and will increase cooling capacity at our Toronto operations by over 25% to support growing demand for our services.

Our data infrastructure segment contributed FFO of $77 million for the year, which was slightly ahead of the prior year. Results for the year were 5% higher in local currency due to the benefits of inflation-indexation and contribution from capital investments made in the prior year.

The strong underlying performance was partially offset by the impact of lower than average hedge rates compared to the prior year. Our French telecom business recently secured a contract with one of our largest customers to build a minimum of 1,250 new towers over the next four years.

Securing this contract affirms our strong build-to-suit tower offering, which captures growth, driven by the increase in coverage requirements in France. This will require EUR 150 million investment, with BIP's share being approximately $35 million, and is expected to generate leveraged returns in excess of 20%.

Shifting now to our current financial position, there's been a considerable amount of volatility in equity markets recently. The trading price of our units was no exception, and sold off in response, despite infrastructure access remaining highly sought after by private institutional investors.

We were able to take advantage of this by repurchasing units under our normal course issuer bid. Since December, we have repurchased approximately 1.6 million units at an average price of $35. The markets have enjoyed a very strong January and our units have returned to pre-December pricing levels since.

We currently have a strong financial position, with total liquidity of $3.3 billion, of which over $2 billion is at the corporate level. This liquidity is expected to be further bolstered in the coming weeks with proceeds generated from the partial sale of our Chilean toll roads that Sam will touch on in his remarks.

And finally, before I hand the call off to Sam, I'm very pleased to announce that based on our strong performance this past year, our robust overall liquidity position and positive outlook for the business in 2019 and beyond, our Board of Directors approved a 7% increase in our quarterly distribution to approximately $0.50 per unit in 2019, which marks our tenth consecutive year of distribution increases.

This year's distribution increase is at the midpoint of our long-term target range. In setting our distribution level, we decided to retain a greater amount of cash in the business to fund our growing backlog of organic growth projects, which we expect will generate very strong risk-adjusted returns.

And so, with that, thank you for your time and attention this morning, and I'll now turn the call over to Sam.

Sam Pollock
Thank you, Bahir, and good morning, everyone. Before I provide you with an update on our ongoing strategic initiatives, I'm going to reflect on some of our accomplishments in 2018.

I'll then hand the call over to Ben Vaughan, our Chief Operating Officer, to share our views on Brazil's economic recovery, and then I'll conclude the call with an overall outlook for the business.

So, let me begin with 2018. It was an extremely successful year for our business. First, we significantly expanded our presence in North America. We did this through the acquisition of a leading provider of essential residential energy infrastructure and the largest independent natural gas gathering and processing business in Western Canada. In total, we committed $1.9 billion of capital to new investments in 2018, of which $1.3 billion was deployed in this region.

Next, we invested approximately $800 million in organic growth capital projects. These projects will increase our utility's rate base and expand our transport, energy and data infrastructure networks. We expect these projects to grow our EBITDA by 10% on a run-rate basis, once fully online in the next two years or so.

We also executed on our capital recycling program. We opportunistically completed the sale of our Chilean electricity transmission operations, generating an IRR of 18% and net after-tax proceeds of $1.1 billion.

We also recently signed agreements to sell up to 33% of our stake in our Chilean toll roads and currently have another five sale processes that are being progressed. In total, we expect to generate net proceeds of $1.5 billion to $2 billion in the next 12 to 18 months from these sales.

And finally, we strengthened our financial position. We enhanced our corporate liquidity by accessing the capital markets on an opportunistic basis and raised the total of $800 million through a series of debt and preferred share issuances. We also completed over $1.5 billion of refinancings during the year and with that, we have no maturities we need to deal with for the next five years.

Shifting our focus to our strategic initiatives, the fourth quarter was another active period for Brookfield Infrastructure, and we've sustained that momentum into the year.

On December 31, we closed on the previously announced U.S. data center acquisition from AT&T, investing $160 million in a high-quality portfolio of retail co-location data centers in several key markets.

In addition, in January, we successfully acquired a 100% interest in an Asia-Pacific data center business for $180 million, BIP's share being $50 million. This business consists of two Australian data centers providing services to investment-grade hyperscale customers under long-term contracts.

This is an opportunity for us to establish our presence in the Asia-Pacific region and to pursue meaningful growth opportunities throughout well-progressed sales and development pipeline.

Furthermore, working alongside a strategic partner, we have achieved all milestones to acquire Ascenty, the leading hyperscale data center operator in South America, and anticipate closing the transaction in February. We're already actively assessing prospective tuck-in acquisition opportunities in the South American region, which we think will be very complementary to the business.

Also, closing is progressing well for our Indian natural gas pipeline acquisition, and we anticipate completing this transaction by the end of the month as well. We have started to turn our attention to executing our 100-day plan business plan and integrating these assets into our portfolio.

At our Western Canadian midstream business, we're continuing to complete the regulatory process to close on the last group of assets. This process remains on track and is scheduled to close in mid-2019.

In addition to these strategic initiatives, we're also focused on executing capital recycling priorities part of our full cycle investment program that Bahir talked about earlier.

The first one is the toll road transaction that both Bahir and I mentioned. In January, we signed an agreement to sell up to 33% of our stake in our Chilean toll road business. We consider this to be an opportune time to monetize a portion of the investment, as the asset had reached the mature phase of its life cycle.

Concurrently, we're executing a dividend recapitalization, which will be completed upon closing of the sale, which is expected imminently. After-tax proceeds to Brookfield Infrastructure are estimated to be approximately $365 million. We're very pleased with this outcome, and we'll realize an after-tax annualized return of approximately 17% on this portion of our investments.

In addition, we may sell down a further stake in the business in the next six to nine months, adding further liquidity to our balance sheet. We also have five other sales processes that are well underway.

We're very optimistic that we can complete these asset sales in the next 12 to 18 months and generate the $1.5 billion to $2 billion of proceeds. With that, I'll now turn the call over Ben to discuss our economic outlook for Brazil.

Ben Vaughan
Thank you, Sam, and good morning, everyone. As Sam mentioned, I'll be providing an update on what we're seeing in Brazil these days, particularly in light of the recent elections and changes in government, which we think are positive and could provide some tailwinds for our businesses in the country in the coming years.

First, a bit of background. As many of you know, Brookfield has had a long-standing presence in Brazil, having been an owner and operator of infrastructure businesses in the country since the turn of the last century.

We've been attracted Brazil is its good rule of law, functioning democracy and consistent need to attract foreign capital over time to build out the infrastructure that the country needs. With a population of over 200 million, a growing middle-class and an abundance of natural resources, the country benefits of a large domestic economy that's actually the ninth largest in the world.

And in addition to the large domestic economy, the country also has a strong position in exports as a low-cost producer and growing exporter of agricultural and natural resource commodities.

After struggling politically and economically for several years, in late 2018, Brazil held national and state elections and we are encouraged by the results in the direction that the new government is taking on many fronts. Brazil shifted solidly to the right in the election and voted in a new leadership that ran on a platform of fiscal discipline, attracting investment and driving economic growth.

The new administration has made strong appointments for key cabinet positions and outlined an ambitious economic reform agenda, including an acceleration of the privatization of critical assets.

If the new government is successful in addressing long-standing constraints in fiscal imbalances, we would expect the medium- to long-term outlook for the economy to significantly improve. Overall, we expect higher growth rates, lower inflation and interest rates, a stronger currency and just overall more bullish market conditions.

While it is early days for the new administration, we've observed several positive indicators that support the outlook for our investments in Brazil. First, the financial and capital market conditions in the country have improved.

As an example, and as Bahir mentioned, on the back of meaningful decline in interest rates, we successfully completed a 5 billion Real upfinancing in the first half of 2018 at our Brazilian regulated gas transmission business, which we initially acquired on a fully unlevered basis.

So, credit markets have come back. And in addition, equity markets have strengthened, with the country stock exchange up over 100% its lowest three years ago and reaching record highs over the past few months.

Secondly, we're seeing increased competition for high-quality assets with more investors bidding high values, relative to last few years.

For example, at a recent electricity transmission auction held in this past December, the average winning bids ascribed values significantly higher than the values we ascribed to our investments prior to the recent economic downturn. This market dynamic reaffirmed our view these types of assets very trading well below intrinsic values a few years ago, simply because the country was out of favor.

And last, currency matters a lot when investing in Brazil, and we believe that these positive developments should provide some currency stabilization and tailwinds in the coming years, compared to the prior five-year period.

Our investments in the country benefit from inflation-protected cash flow streams, and this protection, combined with a potentially stable to strengthening currency, has positioned us well for strong returns.

As I mentioned before, it's too early to say with certainty what the new administration will accomplish. The announce desire to accelerate privatization programs and expand investment could provide us with opportunities to grow our existing businesses and enter new segments as the market evolves.

We are a well-known and credible investor in the country, and we have become a partner of choice for many domestic and foreign investors.

The new government in Brazil represents something we haven't seen in a long time – a free market-oriented administration that has the potential to energize the country's economic reform, create healthy market competition and attract investment.

And having an established position in the country, we will look for opportunities to invest for value and to potentially harvest capital as a recovery unfolds. And with that, I'll turn the call back over to Sam to discuss our outlook of business.

Sam Pollock
Thank you, Ben. I'll conclude with some remarks on our outlook. Over the past few quarters, our view has been that global macroeconomic conditions and political uncertainties would dominate the news cycle. Heading into 2019, it appears that will continue.

Concerns around a potential pullback for the global economy, spurred by the threat of a U.S.-China trade war, uncertainties around Brexit and continued speculation around Federal Reserve policies will continue to persist over the coming months.

That said, our businesses are built to withstand varying market conditions and that is due to the well-inflated cash flows generated from regulated and long-term contractual arrangements. And growth in our core regions, while they won't be synchronous, we do expect that even in slower-growing regions, our businesses will continue to perform well as they have been.

The overall outlook for our business is very positive, and we believe we will experience meaningful growth in our results in 2019. And some of those drivers will be the fact that we are imminently closing three secured transactions.

They represent approximately $700 million of new investments, and this will take place in the first half of the year. These new investments should be fully contributing to results by the second half of the year, and as a result, generating attractive going-in yields.

Second, we have strong organic growth. The commissioning of approximately $800 million of capital projects, coupled with inflation-indexation and higher volumes from our GDP sets of businesses should result in another year of robust organic growth, which will probably be at the year-end of our long-term 6% to 9% targets.

And finally, we expect foreign exchange tailwinds. Our hedge rates in 2019 for the Australian dollar and British pound are on average, around 5% higher than 2018. With over 65% of our FFO currently generating in, or hedged back to, U.S. dollars, our only material unhedged foreign currency exposure relates to Brazil.

And as Ben just went through, we are observing a nice rebound in the country's currency since it troughed last year. We expect this recovery to continue in 2019, and as a result, could meaningfully benefit our results going forward.

So, with those comments, I will now pass it over to the operator, and we would be pleased to take Q&A.

QUESTIONS AND ANSWERS

Operator
Devin Dodge of BMO Capital.

Devin Dodge
On the new investment front, 2018 was above average in terms of capital deployment and deal flow. What are your expectations for 2019? Just wondering if we should be expecting a return in the $0.5 billion to $1 billion range or given what you see in the pipeline, do you think it's likely to remain elevated in 2019?

Sam Pollock
I wouldn't say it was above average. I think it was an awesome year, to be frank. We had, I think, seven transactions, and so it was a stellar year. In relation to what we see going forward, I think we go into every year expecting to invest in new investments around $1 billion.

So, I think, if it turned out to be $500 million, that would probably be at the lower end of our current view. But as you’ve noted, some years, we have a more success than others, depending on the market environment. But I'd say, so far, we feel pretty good about our pipeline of opportunities, and I think we will hopefully hit our $1 billion target.

Devin Dodge
Coming back to some of Ben's comments, the new Brazilian government signaled that it could look to do more asset privatizations. What sort of assets do you expect to come forward that would be interesting to you?

And maybe just given the greater competition for these investments, how confident are you that, BIP can secure investments and still meet your investment return targets?

Sam Pollock
I'd say, Devin, the assets that the government has telegraphed are going to come to market are really across-the-board. It's really across the entire spectrum of transportation assets, energy assets, utilities. So, I think, if they accomplish their plans, it'll be a broad range of opportunities.

And in terms of looking at some of those opportunities, if they come, with meaningful large positions in many of those sectors already, I think we're just really well-positioned to look at various tuck-unders and growing our current platforms if new assets come to market. With a good position already established, I think, we're just well-positioned as an incumbent, rather than someone that's coming fresh.

Devin Dodge
And for the Chilean toll road business, could you provide some color on the decision to sell a minority interest instead of the entire stake? And I know you referenced maybe potential further sell-down in the six to nine months, but I'm not sure if that was for the rest of the business or whether it was just another partial stake? How long do you expect to hold it if it's just another partial sell-down?

Sam Pollock
It was always our plan to sell up to 50%. And if someone had come along and maybe say, offered us a knockout bid for 100%, we might have considered it. So, I think the way its unfolding is according to the plan we had set up for ourselves.

This is a very large transaction in this market, and so our expectation was that we would sell-down over time. It's also a great cash flowing business, and we do like it.

I think if we can sell another stake, that we reduce ourselves down to 50% or depending on the price, maybe we might consider going a little bit lower. But it’s just all part of a long-term exit strategy that we set out for this particular business.

Devin Dodge
Should we be expecting this kind of approach for some other assets that you're coming to market with?

Sam Pollock
Yes, I think our approach will be multifaceted. I think the one dynamic that's entered into the infrastructure market is something that basically just followed on the real estate market, which is the fact that there is a growing interest from private institutional investors to own minority stakes in businesses.

And you'll see it become quite common across the infrastructure market, the sale of these 25%, 33% type stakes in businesses. And longer term, most of them will probably own in consortiums of three or four, particularly for large businesses.

So, when we look to sell assets going forward, I think, you can see us sell like we did with AVN, Transelec, frankly, wasn’t much different, we sold our 27% stake, or we could sell in some cases, 100% of a business to a strategic buyer, or we could take businesses public. So, it be probably one of those three exit strategies.

Operator
Cherilyn Radbourne of TD Securities.

Cherilyn Radbourne
In terms of the M&A pipeline, is there any indication yet that recent equity and credit market volatility could be added into that pipeline, either in general or in specific geographies, or is still a little bit early for that?

Sam Pollock
I would say, it's a little bit early. There is no doubt that with the credit markets somewhat shutting down later in the fourth quarter, that it felt like transactions across the board would get repriced and that the avenues for various companies to recapitalize themselves would reduce somewhat.

We've had a pretty strong rebound in sentiment and access to the capital markets here in the first quarter. So, it's hard to say if this is just a blip and everything is just back in business, or if those more challenging conditions that we saw later in 2018 will begin to persist.

If you ask for my opinion, I think that the markets will probably get tougher again, and we'll see more of those challenging conditions and that will play very well to our ability to find great opportunities.

Cherilyn Radbourne
Separately, in terms of your recent data infrastructure investments, just curious whether there is an opportunity to knit those together into a larger platform? Or should we think that they're likely to remain more discrete regional platforms?

Sam Pollock
We have two different types of businesses. We have the wholesale hyperscale businesses in Asia Pacific and in South America that, very much serve the same client base.

Our retail co-location business here in North America, I think, serves a completely different marketplace and has a different strategy. So, the opportunities, if they exist, will likely be between the Asia-Pacific business and the South American business, with the only complication being that we have a partner in our South American business.

So, we will try to extract as many synergies as we can. I don't see them coming together from a legal perspective, but I do see a significant amount of sharing of information between those companies.

Cherilyn Radbourne
I think that BIP had recently signaled that it might opportunistically hedge a portion of its Brazilian cash flows. I was hoping for an update on that front?

Bahir Manios
We highlighted during our Q3 call, what we've seen is interest rate differentials between Brazil and the U.S. have tightened up a lot over the years. Nothing has changed materially from that analysis.

And what we're waiting to see is continued recovery in the currency from existing levels. It has rebounded by a lot, compared to earlier in 2018 levels, and so we're continuing to monitor that situation. But with any significant rebound in the currency, you should expect to see us hedge at least a portion of our FFO for the next 12 to 24 months.

Operator
Robert Catellier, CIBC Capital Markets.

Robert Catellier
On the Brazil description you gave, on the one hand, very strong economy of privatizations, but also more competition. But it still sounds like you expect to be a net investor in terms of your new dollars over the next two to three years, is that correct? So not a seller, putting more money to work in Brazil?

Sam Pollock
I think we will be putting more money to work. It may be within the existing businesses. I think today our focus is primarily on expanding the various operations in our rail business, in our data center business as well as the toll road and the transmission business.

So, all of them have great opportunities to invest capital. It's a little early to say what new investment opportunities may lie out there that are attractive to us. We'll, obviously, monitor the market over the next, it's hard to say how many years, but we do expect though if conditions continue to improve, currencies improve, that there will be great opportunities to realize on some of our investments in that region as well.

So, I can't predict exactly how the flows will go. You are right, it probably is maybe a little bit more in the short run, but in the medium term, I expect there may be more capital being harvested than going in.

Robert Catellier
It looks like you're a little bit more active near-term on the capital recycling. Does the long-term target change? I think you gave about $5 billion over three to five years, at the Investor Relations Day. Is that still generally what we should be expecting?

Sam Pollock
Yes.

Robert Catellier
And, Bahir, you gave some pretty good detail on the impact of currency on the 2018 results, but you've also characterized the environment as a little bit better. Do you have any sense of, at today's rates, what a positive tailwind currency might have on FFO in 2019, even if it's just a range?

Bahir Manios
So, as you know, our currencies in the developed markets, so the Australian dollar, the pound Sterling, the Canadian dollar and the euro, have all been hedged for 24 months. And so, in 2019, those hedge rates are already locked in and they are, on average, 5% higher than 2018. And in 2020, they're also a bit better than also the 2019 numbers.

So those tailwinds, account for about 65% the 70% of our FFO, have already been locked in for those next two years. And then on the Brazilian real, it's hard to sort of guess where that currency can go.

Maybe as a data point, if we go back to 2017 levels, so there we were translating results at an average rate of about $3.20, I believe. If we get back to those kind of levels, just as a data point here, I'm not actually calling for that move, but as a data point, that would be probably a $0.20 to $0.25 lift from today's levels.

Robert Catellier
So, $0.20 to $0.25 in FFO per share or just on the currencies?

Ben Vaughan
I'm sorry, FFO per unit, yes. $0.25, yes.

Robert Catellier
Did you end up with a better result on the Australian ports than you're indicating in terms of re-contracting and getting the EBITDA run rate back up? Or was that in line with your expectations?

Ben Vaughan
I would say, the Australian ports have been performing really well and volumes have been strong. We've had some good client wins as Bahir referenced in his comments, and I would say overall probably slightly above our expectations and trending well into 2019.

Operator
Andrew Kuske, Credit Suisse.

Andrew Kuske
The situation with Vale in Brazil it's obviously very difficult, but are you seeing any impact on your logistics assets within the country at this point in time?

Sam Pollock
Are you asking are there any impacts because of the tragedy of the dam collapse on our businesses?

Andrew Kuske
Yes, exactly the damn disaster that happened a few weeks ago?

Sam Pollock
There has been no impact on any of our operations.

Andrew Kuske
With the capital recycling, is there any color you can provide on the five processes you have in place? Are some of the processes related to past fund maturities? And then the $1.5 billion to $2 billion of proceeds, is that effectively to account for the Brookfield commitment in BIF IV or at least part of that commitment?

Sam Pollock
Basically, each one of the opportunities that we're looking to sell is based on our view of the state of where the asset is and our view that it's a good time to approached the markets. So, we have no impending fund maturities.

Our first fund matures in 2022, and we have extensions beyond that. So, there is no pressure from that perspective. I think the way you need to think about asset sales is similar to how we have always approach any capital raising initiatives.

It's just us being opportunistic with raising capital at very attractive rates and knowing our businesses, when we think we can sell them to people, who will pay more for them than what we think they are worth it. And what they are worth to us today. So that's the context. Hopefully they all go ahead, but maybe some don't, and we hold on to them for a bit longer.

Andrew Kuske
And, on the unit repurchased, the 1.6 million since December, just north of $50 million, U.S. Could you provide some color on would you have done more if there's more liquidity in the market? Does that feel like the right amount? Just what were your thought processes on the $56 million of purchases?

Bahir Manios
I think you're exactly right, we were very active, especially in December, but to your point, given the liquidity, we do have constraints as to how many units we're able to buy each trading day, so we pretty much were maxed out in December.

And then in January, we had to put forward an automatic purchase plan that had to get approval from the Stock Exchange. It's based on a whole bunch of parameters, but basically within those parameters, we did all we can do and will continue to monitor the situation closely, once we're out of blackout in the next couple of days.

Operator
Jeremy Rosenfield, Industrial Alliance.

Jeremy Rosenfield
Can you comment on the relative attractiveness, there's been some large-scale regulated electric utilities in the U.S., some distressed situations, I'm thinking here, one on the West Coast, one on the East Coast.

And I'm just curious as to whether these are things that are on your radar, maybe not specifically ones that have been in the press recently, but if that type of investment is on the radar?

Sam Pollock
We think regulated utilities are a great investment asset. And we're always out there looking at each of the opportunities.

The one challenge though, and why we haven't historically invested in any significant North American utilities, is just the regulatory difficulties in getting approvals and the time it takes. And more recently, some of the trading values that they have achieved, often seeing prices to RAB in excess of two times, which we don't feel is good value.

So, there's obviously one huge situation that everyone's talking about. It's highly complicated, has to go through a number of bankruptcy processes to figure out where exactly it's going to end up, and I think there will have to be some regulatory changes.

And I think the only opportunities that will come out of that, that will be of interest to us will be if it gets broken apart into various pieces and maybe some of the pieces might make sense.

But just to summarize, and I realize this is very general so I don't know how useful it is, but we like the sector, we will monitor for opportunities, but I just caution you that public-to-privates in this sector are very challenging.

Jeremy Rosenfield
Back on Brazil, you clearly have a positive outlook on Brazil, but then at the same time, investments in Brazil I think represent a relatively large component of the overall portfolio.

And I'm just curious as to whether you are inclined to grow that slice of the pie, and if you are able to start putting currency hedges into place in Brazil at some point in the future, does that give you more comfort in growing that slice of the pie even further?

Sam Pollock
What I would say is, our strategy is to have a diversified business across many geographies. We've made a number of investments, more recently in Brazil, because we saw great value. And so, we're probably at the higher end of what we would typically allocate to that particular country.

If great opportunities continue to surface there, we will look at them and take advantage of them, but my sense is over time, we will likely see opportunities surface in other regions. We're seeing that today, particularly in North America, where we're deploying a lot of capital.

And I think as a percentage of our overall business, five years from now, likely Brazil will be less than it is today. But we're really excited by the opportunities, and we're really excited about how our businesses in the near term are going to perform if the government does all the things, they say they're going to do.

Operator
Robert Kwan, RBC Capital Markets.

Robert Kwan
On asset sales, you had a long-standing driver of that being monetizing de-risked mature businesses, but I'm wondering is anything in the five processes, or anything else that you're considering, driven by changes in your investment thesis around various business lines, either where you're seeing where relative growth opportunities or just the ability to add value in terms of some of the platforms that you've built?

Sam Pollock
So, I think there are certain situations where we are looking to monetize businesses, where we feel our ability to grow them on an accretive basis isn't as strong as we once thought it was and that's primarily because of new entrants using a much lower cost of capital.

That represents a great opportunity as a seller because, to the extent that are prepared to pay for our growth low cost of capital, which is what we saw in Transelec, we can achieve most of the value of the growth pipeline upfront without having to do the work.

So we will definitely look at those situations and sometimes there are situations where we have to weigh the choices of where we want to put our capital and there are some businesses that even though they have some growth opportunities, we may feel that the probabilities of being able to achieve success on those are less than if we put our capital elsewhere.

So, decisions are taken to a multitude of considerations, all with the objective of creating long-term value for the company.

Robert Kwan
As you look at the funding plan and repositioning of the funding plan and the majority of your growth being funded by asset sales and retained cash flow, just wondering especially if you think about the interplay with the new private fund, is BIP going to take smaller percentages of new transactions, particularly larger ones?

Sam Pollock
So, the short answer is, it'll probably be slightly lower, but not meaningfully lower. We will always be the biggest investor in any of our funds. And obviously, therefore, in each asset.

I think what we will do going forward, is pick our spot on where we might make an outsized investment, if we have a very large transaction like we had with NTS, where we increased the amount we deployed because we saw that was just a fantastic opportunity, they may not occur as often, but if they do, those are the types of situations where we will likely go to the capital markets then to raise capital.

And so that's why we highlight that as being a situation where the equity markets are perfectly suited for us to tap into.

Robert Kwan
There's a statement in the letter of the organic growth side expected to be at the higher end of your long-term 6% to 9% year. Just wanted to confirm that, that is just the organic growth as we head into 2019 and then Bahir, you talked about the FX tailwinds that would be additive, as well as the contributions from new acquisitions forming the year?

Bahir Manios
I think that's exactly right. When we referenced the organic growth targets, they're generally on a constant-currency basis, and so heading into 2019, given that we've the hedges locked in. Then yes, we will be forecasting to deliver at the high-end of the target range of constant-currency and then have a currency pick up on top of that, relative to 2018.

Operator
Rupert Merer, National Bank.

Rupert Merer
Looking at the sale of minority stakes in assets like the Chilean toll roads does this, in any way, signal intention to hold onto your remaining stake for a longer period? And are you expecting to collect a management fee from your new partners from operating the assets?

Sam Pollock
First off, we don't collect a management fee from our new partners. And two, I don't think it signals anything. I think we will reevaluate every year our intention to either sell or hold a business.

So, we would not make commitments for long term. In fact, we've signaled to both our shareholders, as well as the other owners, that we probably will sell-down a further stake, but how long we hold on to that remaining stake is will be dependent on our views at that point, going forward.

Rupert Merer
You've had a little bit time with your acquisitions in the Canadian Midstream and Energy Sources business. Can you give us some feedback on how the integration's progressing? Are seeing any surprises there? And, maybe give an update on the outlook for growth and synergy from the asset?

Ben Vaughan
Yes, as you said, it is early days. These transactions did close very recently, but they are both going very well, so no surprises.

On the Enercare business, we're working hard to accelerate the growth of that business, plugging the leadership team there into various Brookfield entities involved in the home-building and condominium servicing and in and around the same markets that business is in, and that's progressing well.

So, I think, we're in the early stages, but we're sort of looking to outs accelerate growth in that business and no surprise, we're still not fully closed the Midstream business out west, but it's going well and no surprises. And has a couple of interesting growth projects that we're considering. So, all is good.

Rupert Merer
With the dynamics of the Canadian energy market, is that at all changing your outlook for organic growth in the long run with the Midstream business?

Ben Vaughan
No, at this point, I don't think it's changing our outlook. We've got great counterparties in that business, and it's a prolific region that we're in. And if anything, our clients are calling on us to provide additional services and additional assets to help them out. So, we're not seeing any impact at this point.

Sam Pollock
In fact, the opportunity for us to deploy capital and to buy assets from producers, is only increasing and getting better.

Operator
Ryan Levine, Citi.

Ryan Levine
Would you be able to comment on if there's any active discussions in the U.S. midstream business? There was press reports of Brookfield's interest in Tallgrass from a

few months ago. Are those reports accurate? And is that the type of business that you may be interested in?

Sam Pollock
We can't comment on any specific transactions, whether or not we're involved or looking at it or not. That's just a company policy. We do have an interest in U.S. midstream.

We think that with the pullback in the MLP market and the lack of capital that many midstream owners in the state have today to capital. Their lack of access provides great opportunities for us to either joint venture with various partners to help them build-out some of their infrastructure.

There's opportunities to do carve-outs, much like we did with Enbridge. And then, absolutely, to the extent that it makes sense from a value perspective, we will look at the public-to-privates as well. Those are all part of our game plan going forward, and we think one of the best opportunities today is in various parts of the U.S. midstream sector.

Ryan Levine
And, to South America, do you find that there are meaningful opportunities in the Chilean or Peru markets?

Sam Pollock
We do see opportunities there. And in fact, we have a couple of interesting transactions that we are currently monitoring. They are smaller economies, and so these aren't what I would describe as highly active markets. But every year or two, very attractive businesses do come to market, either through privatizations or through sales from strategics.

And as that happens, we tend to be one of the first calls, given our reputation in the market and our ability to get transactions closed. So, I am optimistic about our ability to transact in those markets in the not-so-distant future.

Ryan Levine
And given your history in that region, is there any contractual limitations to acquire assets in those countries?

Sam Pollock
Today, we don't. The one issue that we always have to keep an eye out for is just any issues related to the activities of our renewable power sister company and what they do in the market and making sure that, to the extent that they have a significant presence, that it doesn't preclude us from owning certain sectors like transmission assets.

Typically, those two you can't own one and the other, you can be either a transmission owner in the country or a generator. You can't usually do both. So, we watch and monitor those dynamics. Today, I think we're relatively free to own any assets in those markets, but that could change.

Operator
Frederic Bastien, Raymond James.

Frederic Bastien
You mentioned a while back that you're most excited about the U.K. regulated distribution business when it came down to organic growth potential. Is that still the case today? Or are there other assets exhibiting equally strong growth prospects?

Sam Pollock
I always love talking about BUUK and the business continues to take off, and we see no slowdown in the business. And if I had to say that there is a business that I'm super excited about today, because it's all the same growth potential, it has to be our Enercare business.

I think Ben described a little bit earlier the fact that we are plugging into all the various related businesses that we have within the Brookfield vault to see how we can supercharge the growth engine.

We think the ability to take that company to the next level is at the same potential level that we saw back a number of years ago at BUUK.

We just think that the number of customers who would be attracted to the product offering, and with the lessons that we learned from our BUUK business, which is essentially a very similar business, it's a distribution business, we think we can bring a lot of value to bear.

And we've also uncovered a number of other low-hanging fruits and ways to optimize the business to generate higher returns. And so today, that's probably our most exciting business that we're working on.

Frederic Bastien
Given your recent investments, the FX tailwinds you're anticipating for this year and also the $1 billion-plus of asset sales you're contemplating, how should we think about FFO per unit growth in 2019? Is $3.50 attainable, or can you do better than that?

Bahir Manios
At Investor Day, we walked through the building blocks of how our results will evolve on a run-rate basis going forward. Because to your point, we've got all these investments closing at different points in time.

We've got a lot on the organic growth front that's also been commissioned at different points of the year, and then there's, obviously, the FX tailwinds.

And so, when it comes to 2019, it's going to be a year where I think people should analyze us on more of a run-rate basis than what the full-year will deliver, because it's going to be more of a back-end story in 2019 versus the front end.

So once all our investments are contributing fully online and there's a bit of a ramp-up in some of those as well as we get into Q3 and Q4 of 2019, we've got a number of projects that are going to be coming online, smart meters and connections in the U.K., some Brazilian transmission projects that are getting commissioned, then a few toll road rebalancings as well.

And just with respect to our hedge contracts, a lot of the better rates that I was referring to come into play in the latter half of the year. So, all that to say, that the run rate going forward for the business should be at least 10% to 15% higher than where we are at today in Q4 of 2018.

Frederic Bastien
But as you contemplate the asset sales, obviously, Transelec was a big chunk and it had, obviously, an adverse impact on FFO. Because you're contemplating a few of them, you don't anticipate them to have as big of a drag as Transelec, do you?

Bahir Manios
What I would say on this a run rate that I'm speaking about would contemplate the asset sales that we just announced this morning. With respect to the other sale processes that we have on the go, a number of those will close more in the latter end of the year, maybe one in the middle end of the year.

And to your point, none of those sales that are contemplated to close in 2019 on an individual basis would have as significant of a drop from an FFO perspective as Transelec did in 2018.

Operator
And that concludes our question-and-answer session for today. I'd like to turn the conference back over to Sam Pollock for closing remarks.

Sam Pollock
Okay, thank you very much, Operator. And I'd like to thank everyone for joining the call today, and for all those questions. We look forward to updating you again on our progress later this year. So, thank you very much, and have a nice day.

Operator
Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program, and you may all disconnect. Everyone, have a great day.