Brookfield Infrastructure Partners L.P
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Corporate Speakers:

- David Krant; CFO of Brookfield Infrastructure Partners
- Sam Pollock; CEO of Brookfield Infrastructure Partners
- Ben Vaughan; COO of Brookfield Infrastructure Partners

Participants:

- Cherilyn Radbourne; TD Securities Equity Research; Analyst
- Robert Kwan; RBC Capital Markets; Research Division, MD & Energy Infrastructure Analyst
- Robert Catellier; CIBC Capital Markets; Research Division, Executive Director of Institutional Equity Research
- Frederic Bastien; Raymond James Ltd.; Research Division, MD & Equity Research Analyst
- Devin Dodge; BMO Capital Markets Equity Research; Analyst
- Naji Baydoun; Industrial Alliance Securities Inc.; Research Division, Senior Equity Research Analyst
- Robert Hope; Scotiabank Global Banking and Markets; Research Division, Analyst
- Patrick Kenny; National Bank Financial, Inc.; Research Division, MD
- Andrew Kuske; Credit Suisse AG; Research Division, MD, Head of Canadian Equity Research and Global Coordinator for Infrastructure Research

PRESENTATION

Operator
Good day, and thank you for standing by. Welcome to the Brookfield Infrastructure Partners LP Fourth Quarter 2021 Results Conference Call and Webcast. Please be advised that today's conference is being recorded. I would now like to hand the conference over to David Krant, Chief Financial Officer. Please go ahead.

David Krant
Thank you, Shannon, and good morning, everyone. Thank you all for joining us for Brookfield Infrastructure Partners' Fourth Quarter Earnings Conference Call for 2021.

As introduced, my name is David Krant, I'm the Chief Financial Officer of Brookfield Infrastructure Partners. Joining me today is Sam Pollock, our Chief Executive Officer, and Ben Vaughan, our Chief Operating Officer. Following our remarks, we look forward to taking your questions.

At this time, I'd like to remind you that in responding to questions as well as 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.

Now, over the last two years, Brookfield Infrastructure's cash flows has demonstrated tremendous resilience and sustainability, providing further validation of the attractiveness of the infrastructure sector as an asset class. In 2021, we further enhanced the quality of our business by opportunistically deploying capital into several attractive investments and organic growth projects.

Furthermore, the monetization of several mature businesses at strong valuations has generated significant liquidity to fund our growth initiatives at a low cost of capital. Consequently, Brookfield Infrastructure is well positioned to continue its growth trajectory in the years ahead.

We are pleased to announce that as a result of our strong financial and operating performance and robust liquidity position, our Board of Directors has approved a quarterly distribution increase of 6%, to $0.54 per unit in 2022. This marks the 13th consecutive year of distribution increases, reflecting our positive outlook.

In addition to this distribution increase, our business achieved many other milestones over the past year, including solid performance across all of our operating segments, resulting in organic growth of 9%, deploying over $3 billion into growth initiatives, including the acquisition of Inter Pipeline, or IPL, and a $13 billion privatization, securing half of 2022 capital deployment through the two Australian utility acquisitions, generating $2 billion of proceeds from the completion of four sale processes, and finally, raising almost $3 billion in capital markets, ensuring strong liquidity levels.

Now, switching from accomplishments to our results for the year. We reported FFO or Funds from Operations of $1.7 billion or $3.64 per unit, a notable annual increase of 19% and 15% on a total FFO and per unit basis, respectively.

We ended the year on a very strong note, generating fourth quarter FFO per unit of $0.97, which exceeded the prior year by 13% and reflects a payout ratio of 68%. Results were supported by strong growth from our base business, the full recovery from shutdown related effects experienced in 2020, and the significant contribution from over $3 billion deployed in growth initiatives.

Organic growth for the year, as I mentioned, was 9%, reflecting the initial benefits of elevated inflation levels, the commissioning of nearly $900 million in capital projects over the last year and higher market-sensitive revenues, driven primarily by increased demand for transportation services.

Taking a closer look at our operating performance by segment, starting with Utilities, we generated FFO of $705 million, compared to $659 million in the prior year. FFO growth on a same-store basis was an impressive 11%.

This growth reflects inflation indexation and commissioning of approximately $430 million of capital into our rate base and higher extensions activity at our U.K. regulated distribution business. This business recorded another solid period of sales activity, ending the year with a total of 322,000 new connections. This was the company's best year of sales and was 10% higher than its record previously set in 2019.

Our residential infrastructure business continued its expansion through new product lines and geographies. In addition to acquiring a leading German residential infrastructure business earlier in the year, in December, we acquired a 60% interest in the second largest independent residential heating installer in the U.K.

At our existing operation in North America, we completed three follow-on acquisitions in the fourth quarter. Most notable, is the acquisition of a residential solar installation and battery storage solutions provider with operations in seven of the U.S. states.

This strategic transaction strengthens our role in the transition to green energy and provides an additional avenue for deploying our rental product offering. Following this acquisition and our partnership with the leading residential generator manufacturer, we are positioned to offer four complementary utility offerings under long-term inflation index contracts.

At our Brazilian electricity transmission lines, we recently exercised an option to acquire our joint ventures 50% interest in 900 kilometers of operational lines. This increases the portfolio of lines that we own to approximately 2,400 kilometers.

With construction of the initial set of lines now complete, the scalable platform has been significantly de-risked, leading us to launch a sales process for this portion of the business. The process is now underway, and we expect to complete it in the second half of this year.

Moving on to our Transport segment. FFO was $701 million, an improvement of nearly 20% compared with the prior year. Results benefited from strong organic growth driven by higher volumes, inflationary tariff increases and a full year contribution from our U.S. LNG export terminal.

Our Transport segment is a significant beneficiary of the robust economic recovery in most of our investment markets. Our rail networks continue to benefit from strong demand for bulk goods and commodities that underpin the global economy.

Following its robust performance last year, our North American rail operation has experienced higher carloads, as volumes are 8% ahead of the prior year, with improvements across most product groups. Due to the essential nature of the business, we've been able to protect our margins across each of our operations by reflecting inflationary cost pressures in our tariffs.

At our diversified terminal operations, performance in the current environment continues to be robust, including record FFO during the fourth quarter, results have benefited from a number of positive tailwinds, including improved volumes, higher tariffs and congestion and surcharges, as well as inflation pass-through reflected in rates.

Specifically, at our U.S. LNG export terminal, we continue to benefit from strong global demand and high LNG prices, due to increasing exports to China and low storage levels, particularly in Europe.

This favorable backdrop has facilitated the contracting of excess capacity under multi-year agreements at attractive rates. Additionally, construction of a sixth liquefaction train is progressing ahead of schedule, and substantial completion is expected to be achieved during the first quarter of 2022.

FFO for the midstream segment totaled $492 million in 2021, an increase of approximately $200 million or 70% compared with the prior year. This step change increase reflects the acquisition of IPL, which was completed in the fourth quarter. Current year results also reflect elevated commodity prices across our existing businesses.

This price environment and record storage volumes following extraordinary performance in the first quarter of the year led to same-store growth of 43% in 2021. In October, we successfully completed the privatization of IPL, a high-quality Canadian midstream platform providing critical long-term infrastructure.

As a reminder, approximately 80% of the business is contracted, with the majority of our activities secured under long-term cost of service arrangements with an investment-grade counterparties where we take no commodity or volume exposure.

The balance of the business has benefited from strong commodity prices. With respect to the Heartland Petrochemical facility, construction is now mechanically complete and commissioning activities are on track with a mid-2022 startup.

The data segment recorded FFO of $238 million in 2021, an increase of 21%.

Results reflect the construction of 12,000 telecom tower sites across our portfolios in India and France to accommodate mobile data growth and corresponding network densification requirements. Our highly contracted data transmission and storage businesses have also benefited from inflation indexation and higher rates across the portfolio.

At our French telecom tower business, over 100 towers were added during the quarter, the second highest on record. The co-location of our build-to-suit tower portfolio increased further, given growing demand for the country's major MNOs. Furthermore, the business connected fiber to almost 50,000 new homes, the strongest quarter on record.

We continue to gain momentum with the expansion of our global data storage platform and reached several important milestones during the quarter. First, we secured a second greenfield location in Auckland, New Zealand to support incremental demand from the anchor tenant at its initial site in the country. We also acquired our first site in a highly attractive market of Seoul in South Korea.

In India and Europe, we have been successful in the early stages of our land bank strategy to drive organic data center developments. And lastly, in South America, we commissioned a further 11 megawatts of capacity in the last 12 months. Combined, these capital expansion projects should double adjusted EBITDA for this operating group by the end of 2024.

Before turning the call over to Sam, I'd like to touch on the strength of our balance sheet. With interest rates remaining at historically low levels, despite the onset of inflationary pressures, we accelerated opportunistic issuances and actively secured fixed rate debt with long-dated maturities. This is reflected in our robust credit metrics and strong investment-grade credit rating, which was reaffirmed at BBB+ by S&P in December.

As central banks now turn to policy normalization to combat rising rates, our corporate and asset level balance sheets are significantly de-risked. We have only modest maturities over the next several years. In fact, it's less than 10% over the next 24 months once we're moving

normal course amortization. Additionally, approximately 90% of term debt, excluding local currency debt in Brazil, is fixed rate with the remaining term across our business of eight years.

As I mentioned, this year was active with respect to refinancing initiatives. During 2021 alone, we raised or secured commitments for a total of approximately $18 billion at the asset level, with the primary objective of refinancing near-term maturities versus increasing leverage at our businesses.

On our capital recycling program, we secured approximately $2 billion of net proceeds this year. Most recently in December, we signed a definitive agreement to sell our 50% owned freehold landlord port in Victoria, Australia.

Our share of proceeds is expected to be approximately $100 million, which is anticipated to have closed in the late first quarter. Now, these activities resulted in ending the year with total liquidity in excess of $5 billion, of which $3.7 billion resides at the corporate level.

Following the completion of the two secured Australian utility investments, which Sam will discuss momentarily, pro forma liquidity at the corporate level is approximately $3 billion. This provides us with significant capacity to fund incremental new investment opportunities as they are secured this year.

Thank you all for your time this morning. I'll now pass the call over to Sam.

Sam Pollock
Okay. Thank you, David, and good morning, everyone. On today's call, I'm going to begin with a few comments on the current macroeconomic environment and its impact on our business. I'll then discuss some of the strategic initiatives we have underway and then conclude the call with our outlook for the year ahead.

With central banks around the world signaling a transition to tightening monetary policy to control rising prices, we thought it was a good opportunity to outline how inflation and rising interest rates may impact our business.

All else equal, this economic environment is generally favorable for stable infrastructure businesses like ours. Before exploring the tailwinds and potential risks associated with elevated inflation and higher interest rates, we thought we should first caveat the underlying assumptions that frame that outlook.

Now first, the prevailing inflation environment, we think, is a product of many factors, including pandemic-induced supply chain disruptions, fiscal stimulus and labor shortages. In addition, though, the influences of deglobalization and with some referred to as green inflation or “greenflation” are expected to contribute to longer-term inflation.

Given all these factors, we do not expect current inflation levels to be transitory, i.e., just to last this one year, as a number of factors will likely lead to a period of persistent inflation. However, we also don't anticipate a return to the excessive and long-lasting inflation that occurred back in the 1970s.

Accordingly, this current period of elevated inflation should ultimately stabilize in the next few years, as the Federal Reserve and other central banks raise interest rates and shrink their

balance sheets. Assuming our time horizon for inflation stabilization is not significantly off, this will result in a gradual, but hopefully not dramatic rise in interest rates over the next few years.

We think this view is consistent with many forecasts that show U.S. 10-year treasuries reaching about 3% over this period. Although higher than the last few years, these expected levels are low in the historical context and provide an accommodating market environment for highly contracted and well-capitalized businesses like ours.

Now, with this forecast in mind, we foresee elevated short-term inflation acting as a tailwind for our business, as a significant portion of our business has inflation indexation. Now, while we may not be fully insulated from rising costs, our inflation-linked revenues and high-margin businesses should largely insulate the impact.

Today, approximately 70% of our revenues are adjusted by local inflation indices. This benefit will largely impact our Utilities, Transport and Data investments, where between 80% to 90% of revenues are contractually indexed to inflation.

Together with a largely fixed cost structure and prudent cost management strategies, the compounding impact of inflationary revenue increases should drive operating leverage across our high-margin critical infrastructure.

The economic impact from inflation is not without its consequences, namely higher interest rates. Fortunately, our direct interest rate exposure to near-term movements is minimal and effectively mitigated, as David talked about.

We've always employed a conservative approach to financing our business through long-dated maturities and mostly fixed rate pricing. In addition, we have actively extended maturities and opportunistically secured long-term fixed rate debt to take advantage of the low interest rate environment we just went through.

In summary, our expectations for continued high levels of inflation for the next few years, to be countered with modest increase in interest rates, which will result in a net-net positive environment for our business.

Now, shifting to the investment activity for the quarter. We are pleased to report that we secured two attractive utility investments representing, as David mentioned earlier, approximately 50% of our deployment target for this year, 2022.

This includes AusNet, which is a portfolio of high-quality utility businesses in Victoria, Australia that provides electricity and gas transmission and distribution services across various critical networks. The closing of our investment is on track after having received shareholder approval last week, and is expected to occur in mid-February.

We're excited to own a highly coveted perpetual regulated utility franchise that's well positioned to participate in the decarbonization of Victoria's economy to meet its legislated 2050 net zero target. BIP expects to invest approximately $500 million.

And in December, we agreed to acquire a 50% interest in Intellihub, a leading provider of electricity smart meters in Australia and New Zealand. Total equity for the investment is approximately $870 million, with BIP's share being approximately $215 million. The business

had 1.2 million meters leased and contractual relationships with energy retailers that cover 99% of the consumer market.

This is an asset class that we are familiar with, as we held a smart meter portfolio within our U.K. regulated distribution business for many years. We believe that point of consumption metering will continue to be an essential component of the electricity network, with digitalization and decarbonization goals accelerating the deployment of smart meters in the region. We expect to complete this transaction in late Q1.

Now, I'll conclude my remarks with a few comments regarding our outlook for the market and for Brookfield infrastructure. Notwithstanding the tailwinds for our business, as we have seen in recent weeks, expectations of quantitative tightening and a rising interest rate environment have caused significant stock market volatility.

This volatility has been most pronounced as it relates to the technology sector, where we've seen a large pullback in valuations to start the year. Now, although our unit price will undoubtedly move with broader market sentiment, we believe the underlying value of our privately owned infrastructure assets will be much less impacted.

Private buyers of infrastructure assets, especially those for high-quality de-risked essential infrastructure, take a longer-term view and are less influenced by short-term economic conditions or sentiment.

Like most, the last two years posed many challenges both for our people and our businesses. Although we are proud of the accomplishments of the last year, we are feeling equally optimistic about the year ahead.

We are pursuing opportunities to execute our full cycle investment strategy, having identified several mature businesses that can be monetized at strong valuations. We've already secured half of our $1.5 billion annual deployment target, and these transactions are expected to close in the coming weeks.

So, we have a high degree of confidence regarding achieving the balance of deployment target based on the pipeline of advanced opportunities our global teams are pursuing. And we have strong liquidity that provides us the ability to pursue and fund these new investments and meet our target returns. Now that concludes my remarks. I'll now pass it back to the operator to open the line for Q&A.

QUESTIONS AND ANSWERS

Operator
Our first question comes from Cherilyn Radbourne with TD Securities.

Cherilyn Radbourne
Thanks very much, and good morning. In terms of the expected net tailwind from inflation, I was hoping you can give us a feel for the level of local inflation that you're experiencing around the world in early 2022. And where do you think that will ultimately settle out, which I take it based on your letter, maybe at a higher level than what we've become used to?

Sam Pollock
Maybe I'll start and Dave or Ben, maybe you can jump in to add more color. Look, there's varying levels of inflation around the world. The highest levels have been in South America, and we've seen the benefit of those come through our gas transmission business and toll roads, and those are in the high single digits.

And in the case of our gas transmission business, we actually had double-digit inflation run through that business, because it also reflected the effects of currency. In other parts of the world, Europe, North America, the impacts aren't quite as pronounced. They tend to be sort of anywhere between 3% to 7%, let's say.

But I think one of the things you should take into account is that there is a bit of a lag to when we receive the full impact of these indexations. A lot of the contracts, you'll have basically a year delay before we see the impact. So, I think a lot of the benefits of the indexation, are actually still in the future.

We've seen some roll in this year. They tend to happen at different points in time, but I think the full benefit actually will probably come later this year or next year, in fact. As far as Asia, I can't really say what the numbers would be there, but I don't know if you have anything to add, Dave...

David Krant
Yes. I think if you look at Asia Pacific for our business, Cherilyn, Australia has been pretty stable, it's in the low end of Sam's range, the 3% or 4%, and India has been actually around 4% to 5%. So closer to historical levels, and there's a variety of factors from stimulus to policy that have caused that. So, I think that gives you a pretty good lay of the land for our global business.

Cherilyn Radbourne
Perfect. That's helpful color. And then it sounds like you've got a good head start on your 2022 capital deployment target. But maybe, you can give us a bit more color on your deal pipeline, just including the areas of emphasis by segment and geography?

Sam Pollock
Sure. I'll tackle that one, Cherilyn. I'd say the pipeline is actually quite robust at the moment, with opportunities in all regions and in all sectors. So, I'd say that's been the case for the past year or so.

We've seen sort of a broad-based recovery. And so, there's the usual, let's call it, secular movements from data where just a huge capital deployment is going on. So, we are seeing opportunities across towers and fiber optic systems. Transportation is probably the one area where we've seen increase in activity over the last year, both as it relates to airports as well as roads.

And then as it relates to midstream, there remains, we think, some interesting opportunities. We have seen a recovery in some of the valuations of midstream assets with the rising commodity prices. But I think we'll see a number of opportunities surface there, as this sector becomes underinvested due to ESG wins.

And then we continue to look for opportunities in the Utilities sector that can benefit from the decarbonization and electrification of the grid around the world. And as far as regions, I have to

say, probably most of our deal pipeline is in North America and Europe, but we do have a couple of opportunities in other markets, such as South America, as well as the Middle East.

Operator
Our next question comes from Robert Kwan with RBC Capital Markets.

Robert Kwan
Thinking about your outlook for the business, the results and expectations for M&A activity, can you just frame all of that against the decision to increase the distribution by 6%?

David Krant
Robert, it's David here. Look, there are a number of factors that go into our recommendation of our Board's approval of our distribution policy. You outlined a few of them, obviously, the growth outlook for the business is very optimistic. We are operating in a good period with strong macroeconomic tailwinds. So that's certainly favorable.

The other thing that we consider obviously the capital needs within our business. We do have the largest backlog in our history. Today, we have a number of exciting projects that we're funding as well. And that factors in, obviously, to our liquidity levels, which is the second main consideration.

And thirdly, is the payout ratio. I think having that return to the high end of our target range is an important consideration for the business going forward too. So, when we balance all three of those aspects, we thought 6% in the current environment was a very appropriate level to set the dividend up for next year.

Robert Kwan
And just in terms of framing that against prior years, by all accounts, it certainly sounds like you're very optimistic, and the more optimistic end is where you have been in prior years. Is there a concerted effort then to be a little bit more conservative? You noted payout ratio and liquidity, was that you kind of starting to be a little bit more conservative than you might have been previously?

Sam Pollock
No, look, I think maybe you're trying to read too much into the increase. I think we take a longer-term approach when we look at dividend increases. So, some years, we might be higher than people expect because the outlook's maybe not as robust.

And other years, maybe it's not as high given the enthusiasm we have for the business. I think what we came up with was, as David mentioned, sort of a balance, taking a longer-term approach of where we see the world, our capital needs as well as where we want to be from a payout ratio perspective.

And we were probably a little higher on the payout ratio over the last couple of years, and we want to get back to the level where we've generally operated throughout our inception, since inception. So, I think we're now back in that zone. We feel good about that. And in the coming years, if we continue to overperform, then maybe we'll come out with higher dividend increases.

Robert Kwan
Got it. If I could just finish with some questions on Inter Pipeline. Just now that you've had some more time with the assets, just some overall thoughts on what you've got? Anything that

surprised you positively or negatively? And then anything you can give us on what you might like to do with the commodity exposed NGL assets, including Heartland?

Sam Pollock
Okay. Maybe I'll start with just some general impressions. And then I'll turn it over to Ben, maybe, just give an update on the business and how we see the commissioning of Heartland going. First off, I think, as far as the investment, we feel very good today where we sit with both the investment thesis and timing around the transaction.

We are benefiting, currently, by a very strong commodity environment that's helping our customers and helping us with some of the merchant-related component of our revenue streams.

So those are all great components, or initial results from the acquisition. We went into this knowing that we would have to execute very quickly, re-energization, I'll say, of the operations, both from a management perspective and a strategic perspective. We're well on our way in achieving that.

We've done this before, and we're confident we can put in place the right culture in the business. There are lots of good people within the company that we think will embrace it, and we're optimistic about the business going forward.

And maybe I'll pause there and maybe ask Ben just to talk a little bit about Heartland and other parts of the business.

Ben Vaughan
Hi Robert, it's Ben here. On Heartland, I think as we outlined in the note, the central utility hub is now complete and commissioned. So, on site, all of the mechanical works are complete, and we're into a commissioning phase. That phase will probably go to the end of Q2.

So, we'll have a start-up in late Q2 and early Q3. So, all the mechanical risks are behind us. And on commissioning, we have very detailed plans to commission the assets and demobilize on the site over time, in line with our plans. So, we had our own expectations when we underwrote the asset. And so far, there have been no material surprises.

So, as I mentioned, we expect to bring the plant into production in Q3. And overall, from a commercial perspective, from off-takers, we've had no surprise either. There is a lot of market receptivity to the startup of the plant, and so both on the physical side and on the commercial side, we're in good shape for Heartland.

Robert Kwan
That's great. And just quickly on Heartland. Just wondering what not significant means to you, I don't know that's percentagewise in terms of the capital cost statement that you just put out with respect to Heartland CapEx?

Sam Pollock
Sorry, Robert, I don't know exactly what you're referring to. But as I said, for the plans that we had on underwriting, we've had no material surprises, either in terms of time or budget or bring the plant online in the time frame that we had planned, which, as I said, was towards the end of Q2, early Q3. So just no surprise.

Robert Kwan
Okay. Got it. Yes, it's just the statement that Inter Pipeline had in a press release. Presumably, you would have blessed that.

Operator
Next question comes from Robert Catellier with CIBC.

Robert Catellier
I just want to start with the inflation. You've been very clear about your views on inflation, including in today's release and your comments, but perhaps there's less consensus in the marketplace. So, I'm curious about the businesses where you don't have inflationary increases embedded in your contracts or indexed. How successful have you been in securing price increases?

David Krant
Yes. I can start and then Ben, feel free to layer on any added color. So, as we highlighted, Robert, and you know well, 70% of our business is linked to indexed, or contractually escalated by inflation each year.

So that is obviously the vast majority of our business. There's a few where we don't have that power. But I'd say, if we look at our segments and as highlighted, generally, in our midstream businesses where you don't have that contractual escalation.

But I'd say the benefit of what we've seen in our business today is that these pipelines and gathering and processing facilities are all pretty much fully utilized in the instance of NGPL for sure that these customers are competing on price on renewals for that incremental capacity.

So, we've actually been successful in securing rates that are certainly, slightly ahead of where they would have been renewing at, and do reflect some inflationary price pressures, as well as just limited supply pressures that you have in the midstream space today.

So, I think we've been pretty successful in passing those through. So, you're right, it's conservative when we only highlight that there's only 70% that are contractually escalated. I think we've seen in our experience, owning essential infrastructure, you tend to have that benefit to pass on prices as renewals come up in those other businesses.

Robert Catellier
Okay. And my second question has to do with Enercare. It looks like you accomplished a lot so far, adding a number of new product lines and geographies. So just curious about the future growth.

How much more room is there to increase the product lines in that portfolio versus geographic expansion? What type of other product lines do you envision adding? Maybe one way to address the growth of that vehicle is what level of capital are you expecting to deploy on tuck-in acquisitions, as you continue to build platform value there?

Sam Pollock
So maybe I'll take that one on. So just to recap, when we bought Enercare, effectively, the business was primarily a Canadian business. They had bought a business in the U.S. and started expansion. So geographically, it was largely Canadian, small position in U.S., selling a lot of heaters and getting into HVAC, so two products.

What we've done and our playbook that we've been executing and copying as much as we can from BUUK and other businesses that we have is taking what we've been successful at, here in Ontario and in Canada, and applying that to other regions. So, we've now expanded to Europe, and we now operate in the U.K. and Germany. And our goal would be to have businesses all across Europe.

In addition to that, our market share in the U.S. is single digits. And so, the ability to expand across different states and to grow in that market, it is quite substantial. It's a highly fragmented market environment.

And so, the geographic opportunity is substantial still, but we're nowhere near a level that we'd say is saturated. And then we've increased the breadth of products now by adding both the solar product, as well as the generators, and so that takes advantage of the distribution capabilities that we have. So, we've got the four products.

I'd say today, we don't have another product that's in the R&D stage yet, but I think we will hopefully find another one. Geographically, we're looking to expand within both Europe and the U.S. We are looking at taking the model to our utility business down in South America, in Colombia. And so that's a further expansion of the business model.

And as far as what that means in capital, I would say we've done it on both a capital-light and capital-heavy basis. Most of the investments so far have been quite modest from a dollar perspective, but they do require capital.

When we expand using the dealer model, that's a capital-light approach, where we've entered into relationships with other parties where we can buy their rental streams based on a predefined criteria. And we'll look to execute that in all the different regions.

And to the extent that there is a large business opportunity to tack on to this, given the success we've had and what we think is a much larger opportunity, we'll look at that as well. So today, all the different investments in our pipeline are relatively small from a BIP perspective, but we are looking for some large tuck-ins that could really step change this business as well.

Operator
Our next question comes from Frederic Bastien with Raymond James.

Frederic Bastien
Good morning, guys. You've done a good job deploying capital into high-return assets over time, and you've been generally agnostic about the end markets that these assets fall under. But I recall you're targeting a long-term FFO mix that was sort of evenly distributed across your four operating platforms, at least that's what you're shooting for.

And that leaves data as the one business that seems to be still subscale despite the nice growth we've seen in recent years. Can you comment on sort of your ambitions for that particular segment and whether those long-term goals are still valid?

Sam Pollock
Fred, thanks for the question. Look, I think our expectation would be that given the amount of deal flow that we see in the data sector, that over time, it's scale within our business will get to a

spot where it's at least on par, and maybe down the road, who knows, maybe exceed some other segments within our business.

I think part of the fact is we have been in the other segments for a long time, and so we have a lot of historical investments within the midstream and transportation and utility sectors. So, it just will take some time before we see that shift that reflects the emergence of data as an infrastructure sector.

But as we look at our pipeline for the last couple of years, data has always been sort of a significant component of it. And it's an area we're focused on. The only caveat that limits our ability to grow it quicker is the fact that there is a fair amount of competition for these assets, and we are value investors.

So, we need to pick our spots where we can earn the right risk-adjusted returns. So, to summarize, we are looking to grow it, we will grow it, but we're not going to do in a way that damages our overall returns of the business.

Frederic Bastien
No, understood. And just as a follow-up, does this platform offer similarly attractive organic growth opportunities than the other ones? Or is this growth going to be achieved predominantly through acquisition?

Sam Pollock
Well, we're doing it both ways. As you know, we've we set up various development platforms as it relates to data centers pretty much around the world. We have it in South America, in Europe now, Asia as well as India. So, we have four distinct development businesses as it relates to data centers.

That's a big focus for us. But I think equally important will be an M&A strategy to buy some additional cash flowing businesses as well as ones in the fiber optic business where we can execute and overbuild strategy and upgrade a network.

Operator
Our next question comes from Devin Dodge with BMO Capital Markets.

Devin Dodge
So, I wanted to get your thoughts on capital deployment in Latin America. We've seen political shift in some countries. I think Brazil has elections later this year. And if the polls are right, I think we could see a change there as well.

Just how do these situations influence your decision-making around capital deployment in the region? And have you seen any noticeable shift in the willingness of, say, others to invest in those countries?

Sam Pollock
Look, that's a very timely question because there has been a lot of changes from a political perspective just in last year in the region. There's been a pretty dramatic shift to the left and that has caused some uncertainty. And obviously, where there exists uncertainty, that tends to reduce investor appetite. I would say, from our own perspective, we have taken probably a more cautious approach to the region over the last couple of years.

Having said that, our businesses, for the most part, have operated without any significant issues from a political perspective, and they're operating pretty well. So even though there has been change in government, we haven't seen any real negative impact on our operations. So that's a positive. And so that gives us a confidence to consider new opportunities in the region.

But having said that, I think how we've changed our approach is we are looking for businesses where we can reduce the FX exposure. Some of our businesses, even though they have operated really well, have been negatively impacted by volatility FX.

So, to the extent that we can buy more U.S. denominated businesses in the region, that's definitely a focus for us. And I think we're also focused on more B2B businesses where risk of pompous actions, because you're selling a service or good to the consumer, it is taken out of the equation. That tends to be, in these moments of time, your biggest risk in those regions.

So, I'd say that's our focus of our strategy. We still have a few things that we're looking at in the region. So hopefully, we'll add to our businesses. We are recycling out of businesses in the region as well. So, on a net-net basis, I doubt it will grow, but we still remain relatively positive.

Devin Dodge
Okay. My next question is on your natural gas storage business. 2021, I think you can all agree it's a pretty atypical year. I think Rockpoint was a big beneficiary of some supply disruptions.

And then I think the pattern of gas prices for the year was a bit different than typical seasonal pattern. So, it seems like there could be a tough setup for Rockpoint from an earnings growth perspective, but do you expect this to be like a small headwind in 2022 or maybe, something a bit more meaningful?

David Krant
I can start and Ben or Sam, feel free to supplement. I think from an earnings standpoint, you're right, we certainly had the benefit this year of some of the overperformance that we highlighted in the first quarter. I think we highlighted it was $65 million, $70 million in the first quarter.

That was just uncharacteristic of this business in the past, but that is part of the value of these assets. They provide critical infrastructure to an integrated gas market in Western Canada and in parts of California where we own our businesses.

So, I think it's hard to predict what will happen. A lot of the performance is dependent on weather conditions in much of North America and as you said, supply. So, all else equal, if we go back to normal levels, you could expect to see a $60 million to $70 million flat reduction in our gas storage performance year-over-year.

But we're optimistic that our business can capture incremental volumes and maximize the tariff or spread between seasonal demand at our businesses and capture some of that back. But if that's what you're alluding to, so that's kind of the small headwind that we face looking ahead into 2022.

Sam Pollock
Maybe what I'll add to that is, as David said, look, there was a great result earlier in the year, and being able to replicate that, it may be difficult. But having said that, I think the thesis around the assets and then the services it provides has probably not looked better in the last eight to 10 years.

I think what we're going into is a period of significant commodity price volatility. And this business yield captures intrinsic and extrinsic spreads. And many of those, when gas was flowing very strong in the U.S. and investments in the upstream sector was very robust, it took away a lot of those spreads.

But today, we think it will continue to be sort of a reduction in investment in production. And as a result, we are going to see more periods where you have scarcity and higher prices. And that's great for this business because our customers need to remember that they should buy insurance and protect themselves against the volatility in prices. And this business provides that type of service.

Operator
Our next question comes from Naji Baydoun with IA Capital Markets.

Naji Baydoun
Just had one question. You've successfully deployed $3 billion of equity capital last year. You're already halfway through your 2022 target. You sort of raised equity at the end of last year to prefund new growth and what sounds like a very healthy M&A pipeline. I guess in this context, how do you position yourself? Or what would need to happen for you to exceed your $1.5 billion a year equity capital deployment objective?

Sam Pollock
So, look, today, for us to exceed that target, we need to be successful in converting our pipeline. Last year, we were very successful in one large transaction. I think as we mentioned at the outset, our pipeline is very strong. $1.5 billion is an amount that we have been able to deploy on a regular basis.

So, it's really not an absolute number. We don't set out to hit that number per se, it's just our sense of what we think is a regular run rate growth deployment level.

And today, if the capital markets stay constructive and in fact, if there's a little bit of a pullback in certain sectors that help us get more comfortable from a valuation perspective, then it's very possible we could again, have another outsized year from a deployment perspective.

But at this stage, other than the fact that we have already secured half of our deployment which positions us well. We're just early in the new year. That would be the only factor today that would give us confidence, for sure, that we can do better. But I think at this stage, we're still signaling that our annual deployment target is $1.5 billion, and we haven't moved off of that yet.

Operator
Our next question comes from Robert Hope with Scotiabank.

Robert Hope
Rob Hope from Scotia. Just a follow-up question. Just regarding the opportunities you're seeing on the data side. We have seen public market valuations pull back a little bit here over the last month. Is that providing you some opportunities there?

Or has that not been quite enough, or it's been too little amount of time? Or are the data opportunities you're seeing, more on targets, and kind of things where you've seen more the opportunities historically?

Sam Pollock
Rob, I'd say the pullback has been too short at this stage to draw any views from a market perspective of what we could do. I think most of what we're focused on today is related to carve-outs.

To the extent that the market stays lower for longer, then I think that does open up some take private opportunities, but it needs to stay down for at least some period of time before people's views are reset from an expectational value.

Operator
Our next question comes from Pat Kenny with National Bank Financial.

Patrick Kenny
Just to circle back on the IPL business. Any update on discussions with TC Energy and Pembina to participate in the Alberta Carbon Grid initiative? I'm just curious when we might get a little bit more color on potentially joining this partnership or if you decide not to, perhaps, moving forward with any other sequestration or decarbonization opportunities within the IPL portfolio?

Ben Vaughan
Yes, Patrick, it's Ben here. We have a number of initiatives that we're in the early stages of looking at on the topic of carbon across all of our midstream assets. But I don't really have any specific comments on specific commercial or other discussions with direct counterparties at this point. But it is a topic that is a focus for the group right now.

Patrick Kenny
Okay. So just in terms of time frame, first half of the year decision? Or could this leak into 2023 and still be assessing the Alberta Carbon Grid?

Ben Vaughan
It's very hard to pick a timeline, Patrick. I don't have a strong view as to whether it's this year or it leads into next year. It's these kinds of topics, I think, like I said, generally speaking, they're in their early stages and they're starting to cement themselves over time. But it's very hard to put pins and dates on things at this point.

Patrick Kenny
Fair enough. And then we saw a small Alberta gas storage transaction in the quarter. So, I'm just curious to get an update on how your Alberta hub is performing right now relative to, say, recent years. And I guess, also if you view these assets as a long-term strategic fit within your midstream portfolio or maybe, more as a candidate for asset recycling similar to, say, the European storage business?

Sam Pollock
Patrick, maybe I'll tackle that one. As far as the operations of the businesses, we've not seen, I'd say, as much strength in the Canadian operations as we have in the U.S. operations. We have definitely seen much stronger contractual pricing and interest in our California business, for instance. But we do think that the Canadian business is an exceptional business, and we'll see improved pricing going forward.

As far as where it fits, look, at some point in the future, it is probably a business that we will sell. It's not because we don't like it, but at some point, we will have done all we can to improve and

de-risk the business, and it will make sense to monetize. But we haven't picked a time frame from when we would do that.

Operator
Our last question comes from Andrew Kuske with Credit Suisse.

Andrew Kuske
I guess a big picture question on your thematic investing and you guys have historically been very long-term investors in how you think about things and try to pick your spots. But maybe if we could just sort of address some of the big themes around maybe water stress on a global scale.

I mean, you've dabbled in the space a little bit, but nothing overly significant. Is that a function of government control, the returns or just opportunities lacking? And then maybe that morphs into a broader a question on just social infrastructure, whether it be healthcare, education, all that kind of stuff.

Sam Pollock
Sorry, Andrew, can you just sort of restate that question? I didn't quite grasp it.

Andrew Kuske
Yes. So, I mean, just on the thematic investing, to what degree are you really trying to poke around on some of the bigger themes around whether it's water stress or social infrastructure? Are they of interest to you?

Are there big capital opportunities in certain parts of the world? Or is it an area that's not of interest? Is too much government control or are returns insufficient for you, relative to other things?

Sam Pollock
Yes. I understand the question. I would say, today, we are spending a lot of time on those areas, whether it's healthcare or social infrastructure. The challenge is framing an actionable opportunity is difficult and time-consuming.

We just don't have them in front of us. I think, where we are spending a lot of time is really around the data, telecom complex and finding new ways to help that sector recapitalize and fund the huge amount of capital that they have in front of them.

We're also looking, I'd say, another sector that we are also thinking about is the air products sector, which today, has been quite concentrated with a few large players, but there's opportunities around the world where they don't have quite as the strong market presence and where we may find a way to get into the business, because we see that as an interesting industry to explore. But as far as the social and healthcare, today, we don't have initiatives underway.

Andrew Kuske
Okay. That's very helpful. And then maybe, just in the context of your broader portfolio allocation, does the model that you've got with the flagship funds and then the core, super core, core plus, whatever we want to call them, is that sort of helpful in your ability to be maybe more creative on actually securing transactions into the future?

Sam Pollock
Look, absolutely. So, the fact that we can go into any conversation with a counterparty and be able to discuss credit or let's call it low-cost income structure and equity investments or just a full control transaction, gives us the full playbook, and it's very powerful. And the fact that each one of our capital pools is large scale and with lots of buyer power, I think it gives us one of the most unique franchises out there. So yes, it is helpful.

Operator
We are out of time for questions. I would now like to turn the call over to CEO, Sam Pollock for closing remarks.

Sam Pollock
Okay. Thank you, operator. And look, we appreciate all the interest we had today on the call. We had a lot of questions, and we appreciate everyone who joined us to listen in. We hope that you enjoy the rest of the winter and look forward to speaking to you again next quarter. Thank you very much.

Operator
This concludes today's conference call. Thank you for participating. You may now disconnect.