

# Introduction to CPPIB and the Infrastructure Group



CPP  
INVESTMENT  
BOARD



# Introduction to CPPIB Infrastructure

# A snapshot of our infrastructure business As of FY2018

## TARGET MARKETS



North America



Europe



Latin America



Asia

**\$356.1** BILLION

TOTAL CPP FUND

**\$28.6** BILLION

INFRASTRUCTURE PORTFOLIO VALUE

**17**

INVESTMENTS

**30**

PROFESSIONALS

TORONTO  
LONDON  
SÃO PAULO  
SYDNEY  
MUMBAI

## RECENT INVESTMENTS



- €900m invested
- 12% stake in Gas Natural Fenosa's Spanish Gas Distribution Business



- A\$12bn take-private of Asciano
- CPPIB has acquired 33% in Pacific National rail-haulage



- £1,620m invested
- 34.0% stake in 21 UK ports

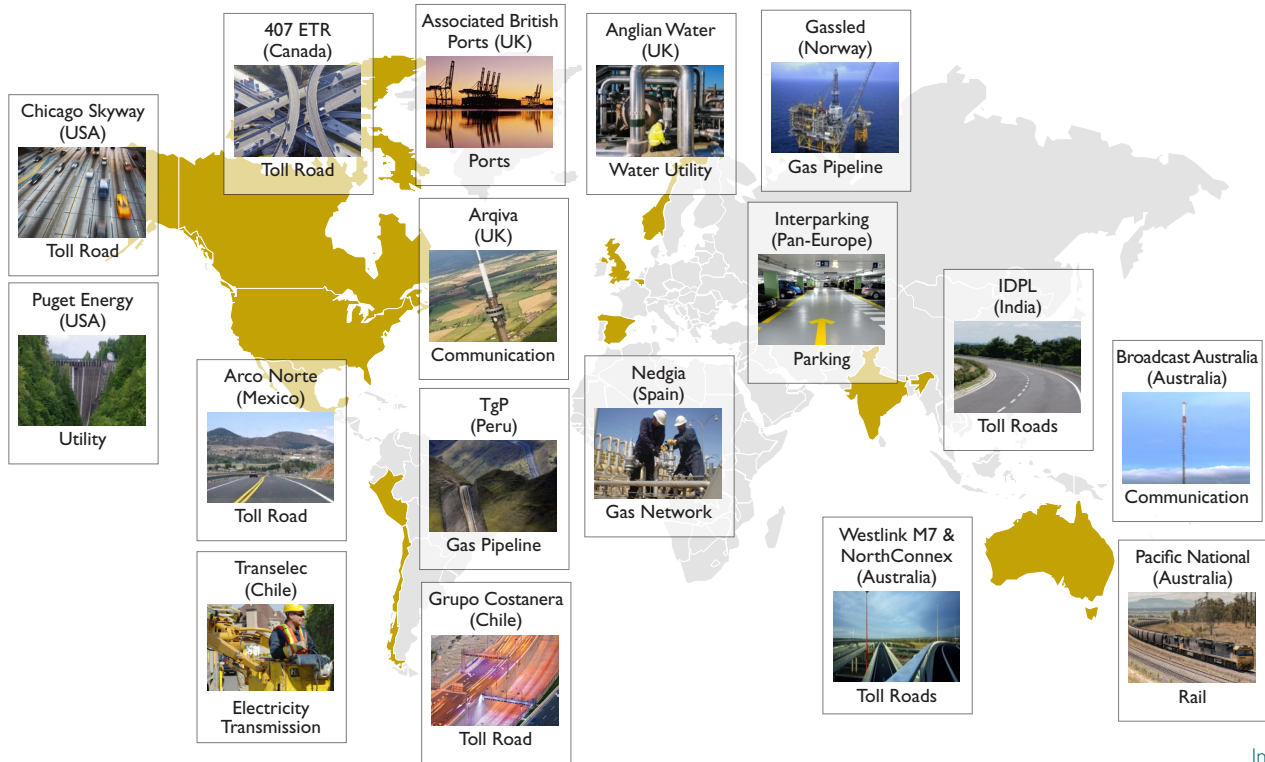


- US\$512m invested
- 33.33% stake in 12.5km urban toll road

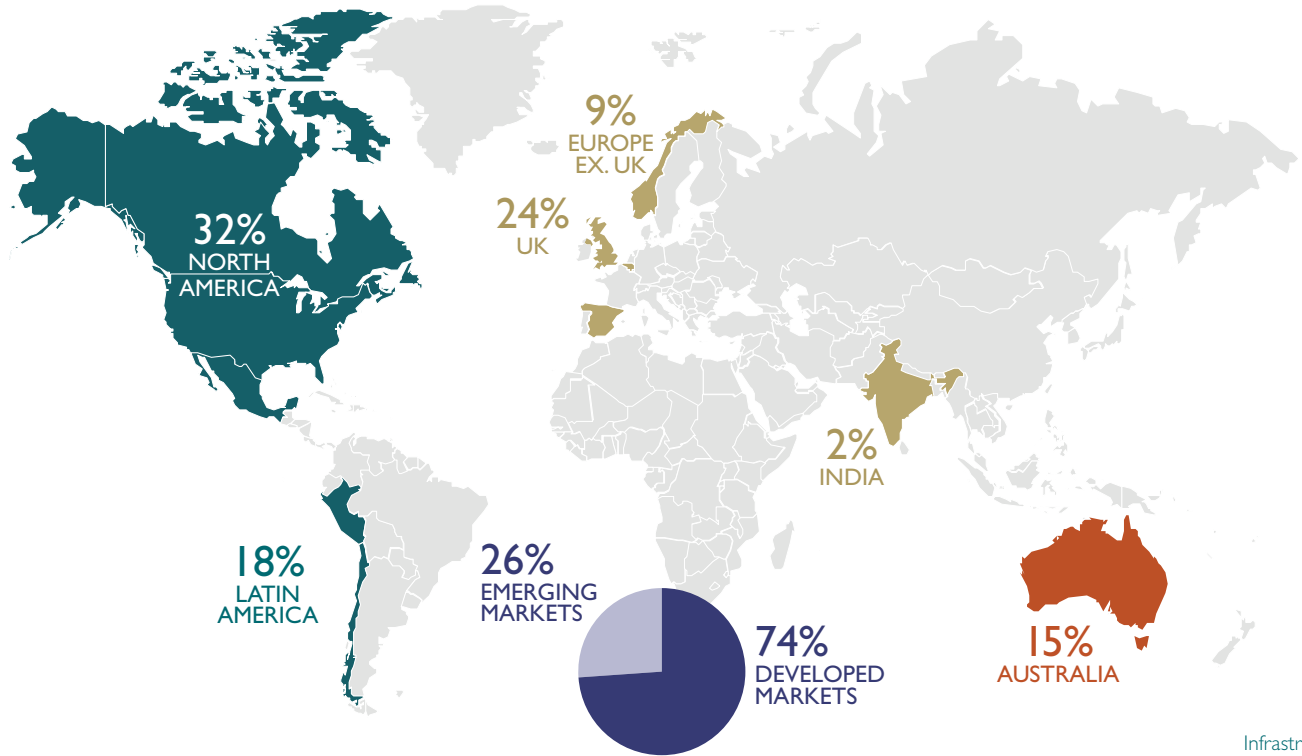
# Infrastructure portfolio overview

SECTOR & WEIGHT	ASSET	REGION	STAKE HELD	YEAR	SELECTED PARTNERS	ASSET DESCRIPTION
Utilities and Energy 31%	Anglian Water Group		33%	2006	3i, First State, IFM	Regulated UK water utility
	Gassled		10%	2012	ADIA, Allianz	Offshore natural gas transport network
	Puget Energy		32%	2009	AIMCo, Macquarie	Washington state energy utility
	Transportadora de Gas del Peru		50%	2009	Enagás	Largest natural gas transporter in Peru
	Transelec		28%	2006	Brookfield, bclMC, PSP	Largest Chilean electricity transmission company
	Nedgia		12%	2018	Allianz, Gas Natural Fenosa	Largest natural gas distribution network in Spain
Transport 58%	Arco Norte		29%	2016	Slim Group, OTPP	223km Mexican toll road
	Associated British Ports		34%	2015	OMERS, GIC, Wren House, Hermes	UK's leading port owner and operator
	Chicago Skyway		33%	2015	OMERS, OTPP	12km urban toll road
	ETR 407 Toll Road		40%	2010	Ferrovial	130km Toronto urban toll road
	Grupo Costanera		50%	2012	Atlantia	188km network of five major Chilean toll roads
	IDPL		Convert. Debt	2014	L&T	Indian toll road platform and developer
	Interparking		39%	2014	AG Real Estate	Pan-European car park operator
	Pacific National		33%	2016	GIP, GIC, CIC, bclMC	Large rail freight operator in Australia
	Westlink M7		25%	2010	Transurban, QIC	40km Sydney urban toll road
Telecommunications 11%	Arqiva		48%	2009	Macquarie, IFM	UK telecommunications infrastructure
	Broadcast Australia		86%	2009	-	Australian telecommunications infrastructure

# Infrastructure portfolio investments



# Infrastructure portfolio – geographical distribution As of FY2018



# Target sectors and investment focus



<b>Nature of Assets</b>	<ul style="list-style-type: none"> <li>• Capital intensive businesses that provide essential services</li> </ul>
<b>Drivers of Return</b>	<ul style="list-style-type: none"> <li>• Strong market position, with high and sustainable barriers to entry</li> <li>• Underpinned by long-term contracts or stable regulatory frameworks</li> <li>• High and consistent profit margins</li> </ul>
<b>Leverage</b>	<ul style="list-style-type: none"> <li>• Generally investment grade equivalent at the investment company-level</li> </ul>
<b>Yield</b>	<ul style="list-style-type: none"> <li>• No short-term yield requirements; free cashflow can be re-invested in value accretive capex but otherwise targeting long-term 3-5% yield for steady-state assets</li> </ul>
<b>Hold Period</b>	<ul style="list-style-type: none"> <li>• Potential for long hold periods (25+ years) with consistent and predictable performance</li> <li>• However, some value realisations will be considered</li> </ul>
<b>Inflation-linkage</b>	<ul style="list-style-type: none"> <li>• Most investments will have some linkage between revenue and EBITDA, and inflation</li> </ul>
<b>GDP Exposure</b>	<ul style="list-style-type: none"> <li>• Businesses with some upside exposure to GDP growth are attractive, provided there is mitigation against economic downturns</li> </ul>
<b>Interest Rate Exposure</b>	<ul style="list-style-type: none"> <li>• Impact of interest rate changes over the long-term is a key consideration for each investment case</li> </ul>
<b>Greenfield</b>	<ul style="list-style-type: none"> <li>• Greenfield considered usually in partnership with existing businesses or experienced partners</li> </ul>

Most target investments can be defined as core infrastructure, with attractive and relatively stable long-term returns, underpinned by a predictable regulatory framework or long-term contracts

# Unique competitive position in private infrastructure

## Significant Capital

Capacity to provide substantial amounts of capital of up to \$4 billion to selected transactions in the form of long-term equity

## Long Term Investment Horizon

Ability to hold equity positions for very long periods of time (more than 25 years)

## Disciplined Smart Partner

Swift decision-making processes coupled with a disciplined approach to assessing potential investments, ability to lead large and complex deals

## Flexibility in Investment Approach

Aim to invest with and develop long-term relationships with key financial, strategic and institutional partners

## Total Return Orientation

Focus on total return rather than yield with an appetite to invest in businesses with future capex opportunities

- **CPP Fund growth allows for additional follow-on capital where growth and expansion can be accretive to value**
  - We prefer assets in which we can re-invest capital, as we do not need early shareholder distributions
- **We have a truly global remit – now active across developed and developing markets**
  - Expanded reach and size enables us to target key markets, including North America, Europe, South America, India and select Asian markets



# An introduction to our Power & Renewables business

The mandate of the newly created Power & Renewables group is to build a diversified global portfolio of investments in the power and renewable energy sector.

This includes exposure to operating brownfield and greenfield assets through individual assets or through companies that own, operate and manage portfolios of conventional power, wind, solar, hydro and other assets.

The Power & Renewables team will also manage CPPIB's agriculture investments.

CPPIB's Global Infrastructure group will continue to work closely in assessing P&R opportunities in Europe.

<sup>1</sup> Transactions announced

## TARGET MARKETS



## RECENT INVESTMENTS



- C\$2.25bn invested<sup>1</sup>
- 49% interest in a global portfolio of operating and development projects



- C\$741m invested<sup>1</sup>
- Canadian portfolio of operating wind and solar farms totaling 396 MWs



- R\$690m invested
- Joint venture to develop a Brazilian power generation platform



- C\$ 2.5bn invested
- 40% interest in one of the world's largest global agricultural commodity businesses