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Ecofin Global Utilities and Infrastructure Trust plc (EGL)

Annual General Meeting

6 March, 2020

EGL'S PORTFOLIO MANAGER

Jean-Hugues de Lamaze

Managing Director and Senior Portfolio Manager, Tortoise
Portfolio Manager, Ecofin Global Utilities and Infrastructure Trust plc

- 31 years of experience in equities and utilities/infrastructure; 14 years as a specialist PM and, previously, 17 years on the sell-side as a research analyst
- Director of Direct Energie S.A. 2012-2019

Experience:

Tortoise/Ecofin	Since 2008	London
UV Capital LLP (Founder)	2005-2008	London
Goldman Sachs	2002-2005	London
Credit Suisse First Boston	1996-2002	London
Enskilda Securities	1989-1996	Paris

➢ Plus team of 6 analysts, 2 traders and 1 risk manager in London

➢ Plus Tortoise's U.S.-based investment team

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A defensive strategy with exposure to growth

Global	Income	Growth
Diversified with respect to geography, sub-sector and investment themes *Balance North America/Europe*	Invests in securities which produce a yield *Portfolio yield > 4%*	Growth-oriented infrastructure and utilities businesses *DPS growth +5-7% p.a.*

A mix of regulated and growth-oriented business segments:

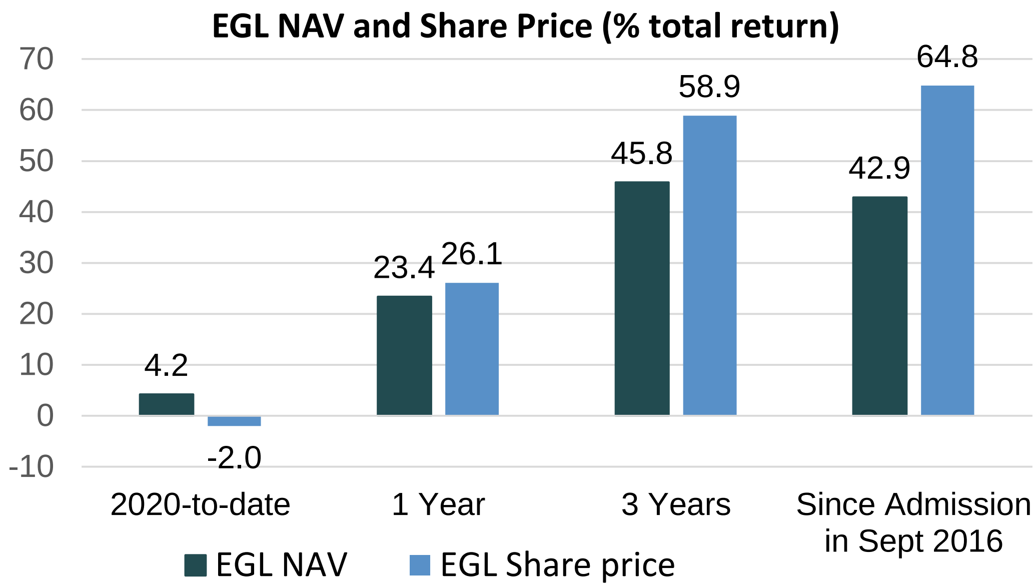
Electric & Gas Utilities: Generation, Transmission & Distribution of Electricity, Gas and Liquid Fuels and Renewable Energies

Transportation Services:
Roads, Railways, Ports and Airports

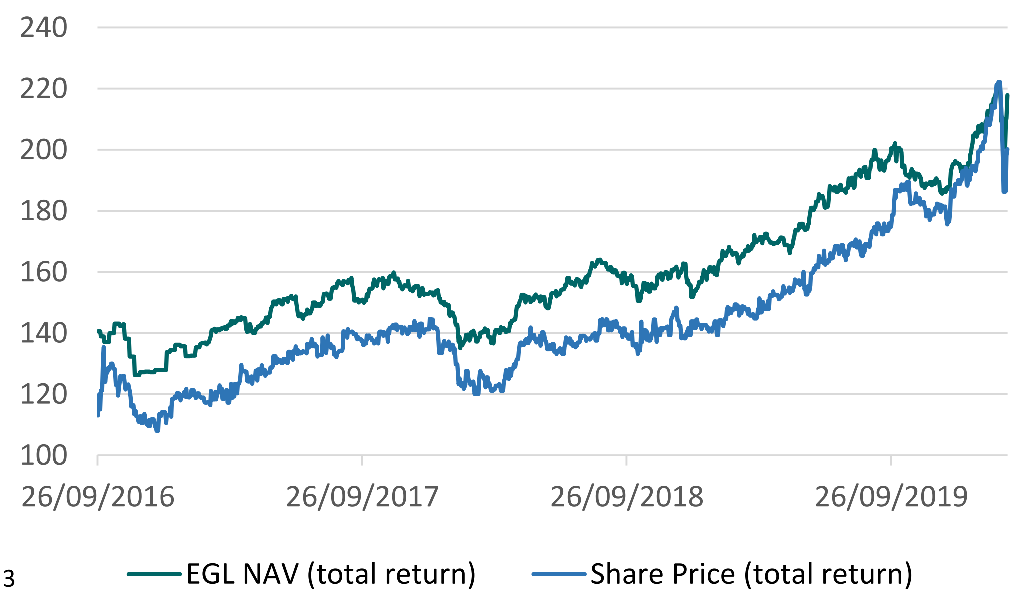
Water & Environment:
Water Supply, Wastewater, Water Treatment and Environmental Services

Target total return: 6-12% per annum

PERFORMANCE SUMMARY (to 29 February 2020)



- NAV and share price total returns of **11.0%** and **15.7% per annum**, respectively, since admission on 26 September, 2016
- Lower volatility than equity markets (12 months beta vs. MSCI World Index is 0.8)



Discount to NAV

31 Dec 2016	31 Dec 2019	21 Feb 2020	29 Feb 2020
-15.6%	-3.2%	-1.9%	-9.0%

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COMPARISON WITH INDEX RETURNS (periods to 29 February 2020)



(total returns in £)	2020-to-date %	1 Year %	3 Years %	Since Admission[1] %	Since Admission[1] % per annum
EGL NAV	**4.2**	**23.4**	**45.8**	**42.9**	**11.0**
EGL Share price	**-2.0**	**26.1**	**58.9**	**64.8**	**15.7**
MSCI World Utilities Index	1.5	16.9	33.8	38.0	9.8
S&P Global Infrastructure Index	-4.5	9.0	18.3	22.5	6.1
MSCI World Index	-5.4	9.4	22.2	36.6	9.5
FTSE All-Share Index	-11.8	-1.7	4.7	11.4	3.2

[1] Since admission to trading on the London Stock Exchange on 26 September, 2016

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Economic infrastructure and utilities offer unique characteristics that make them an attractive asset class for investors

- **Core assets respond to essential needs**
- **Asset-backed services**
- **Solid regulatory frameworks**
- **Quasi monopolies/ High barriers to entry**
- **Fixed-term contracts**

Defensive asset class →	Low volatility and low beta
Competitive environment under control of regulators →	Strong cash flow generation
Protection of the companies' operating environment and inflation hedge →	Secure earnings base
Predictable and sustainable cash flows →	Secure, above market average dividend yields

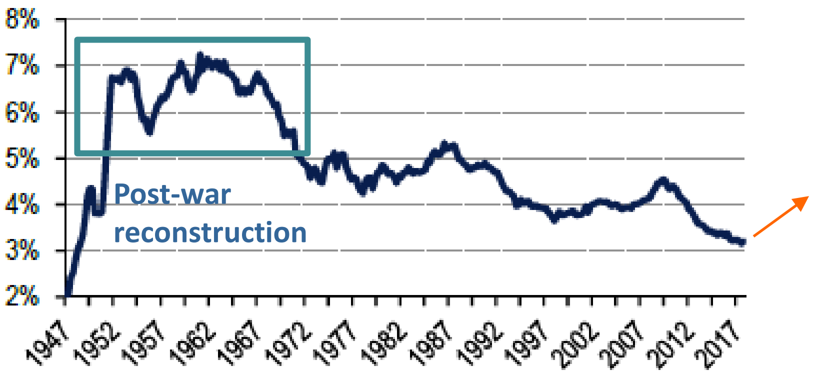


Capital expenditure requirements should support profitable growth for this investment universe

Most of our infrastructure – related to airports, roads, water and power – was built post WW2 and a significant proportion is obsolete, in poor condition or inadequate to cope with the rapid development of renewable energies.

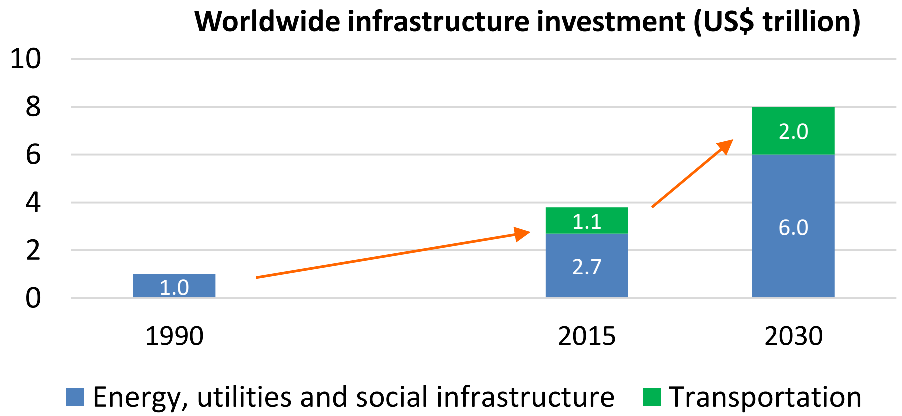
Government spending on infrastructure is falling short of requirements

US federal government investment (% GDP)



Source: US Bureau of Economic Analysis

Public infrastructure investment could grow to US$8 trillion p.a. by 2030E



Source: McKinsey 2017

In 2015: Global spending on economic infrastructure (transportation, power, water, telecom) was c. **$2.3 trillion** (c. 3.7% of GDP)[1]

Until 2035:

- The investment requirement is c. $3.7 trillion each year just to keep pace with projected GDP growth
- Up to **$4.6 trillion p.a.** to meet the UN's Sustainable Development Goals[2]

Supportive for returns as regulators are seeking to incentivise the required capex investment

1. McKinsey Global Institute: Bridging Infrastructure Gaps June 2016 and October 2017
2. Global Infrastructure Hub, Oxford Economics (Electricity, airports, roads & rail, telecoms, sea ports)

Annual installation rates for renewables have overtaken those for fossil fuels and nuclear

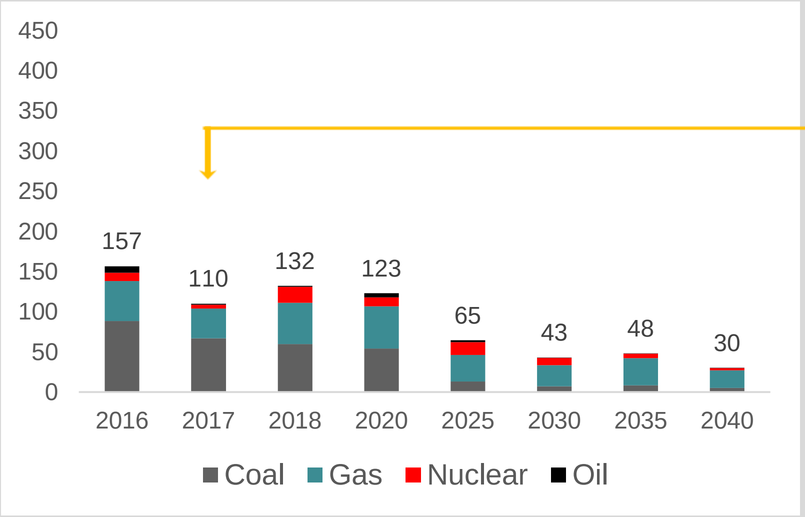
	% of installed capacity	
	Today	**2040**
Wind & solar	12% of 6,719 GW	**48% of 13,919 GW**

UK power generation from **coal:**

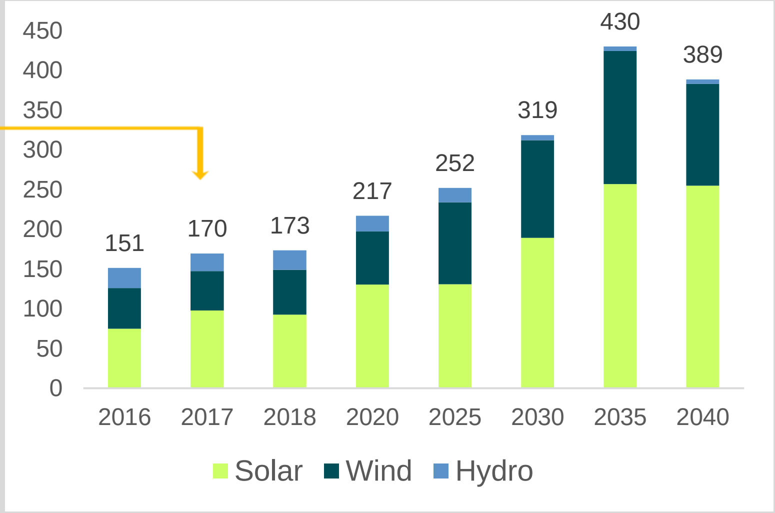
48% in 2008 and **less than 2%** today

New capacity additions

Fossil Fuel and Nuclear (GW)



Renewables (GW)

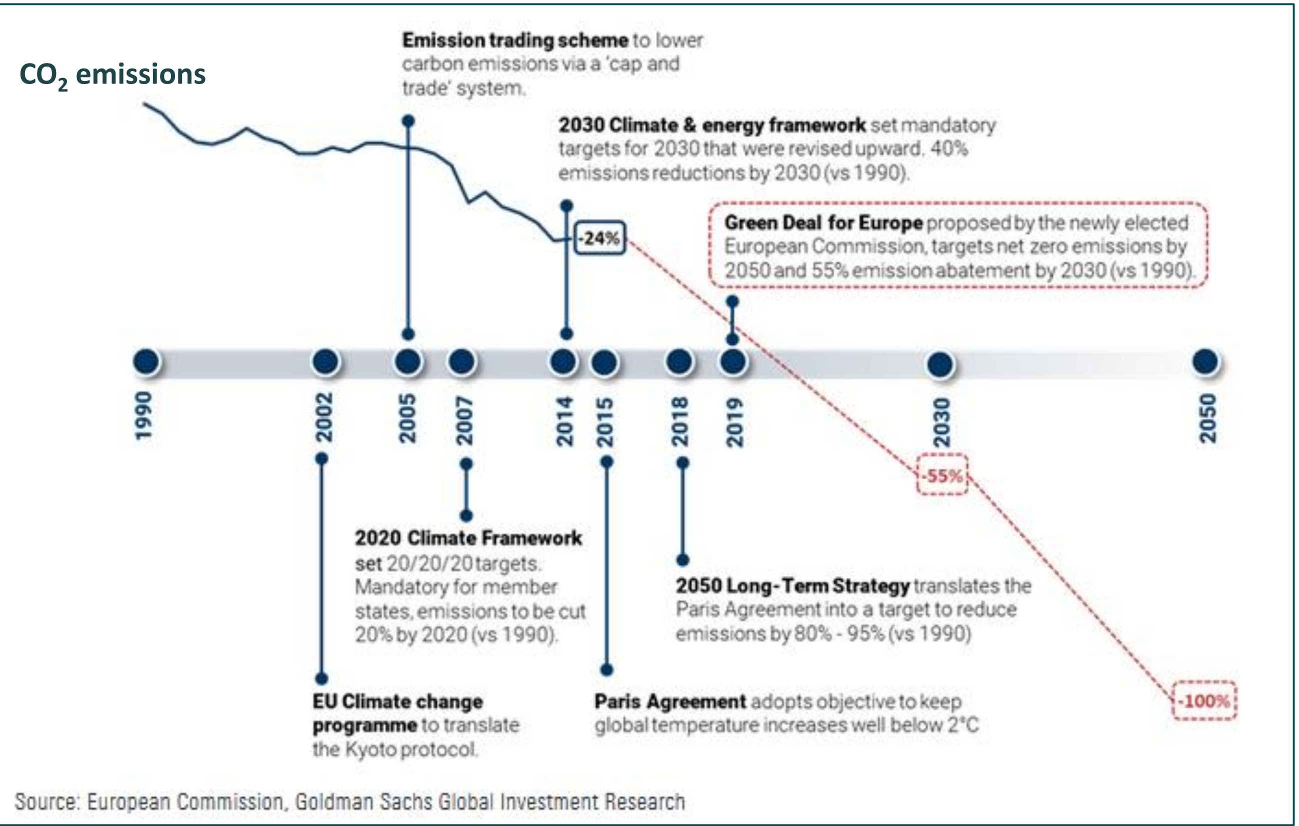


Source: Tortoise UK and Bloomberg, BNEF

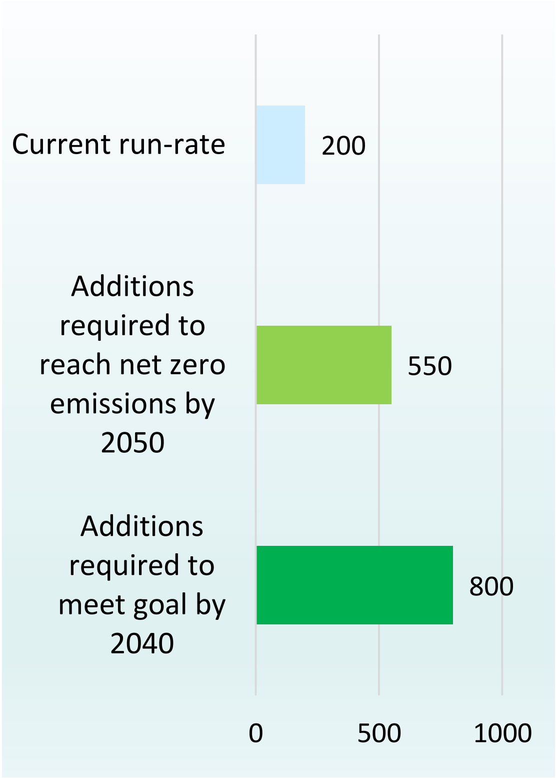
These estimates will prove to be too conservative; net zero emissions targets by 2050 will require significantly faster adoption of renewables

Climate emergency tops newly elected European Commission leadership's agenda

Timeline of EU climate policy landmarks



Renewable capacity additions per year (GW) required to meet net zero emissions goals



Source: UBS

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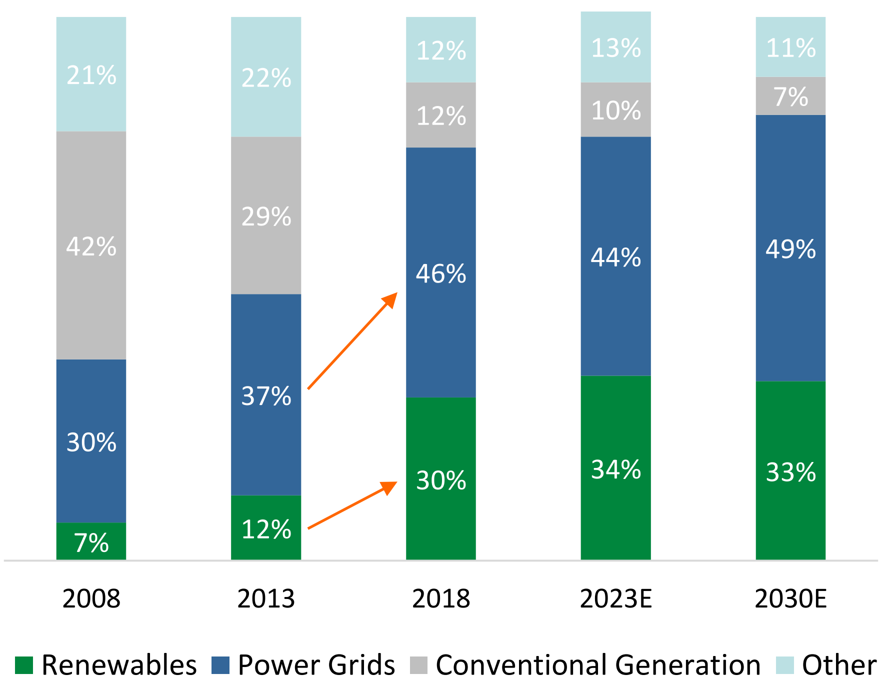
GREATER VISIBILITY OF EARNINGS AND CASH FLOWS

- Business models have been significantly de-risked as contracted renewables and networks replace more commodity-driven conventional generation
- Greater predictability of earnings and cash flows should drive a re-rating of the sector

EBITDA split by activity for EU Utilities

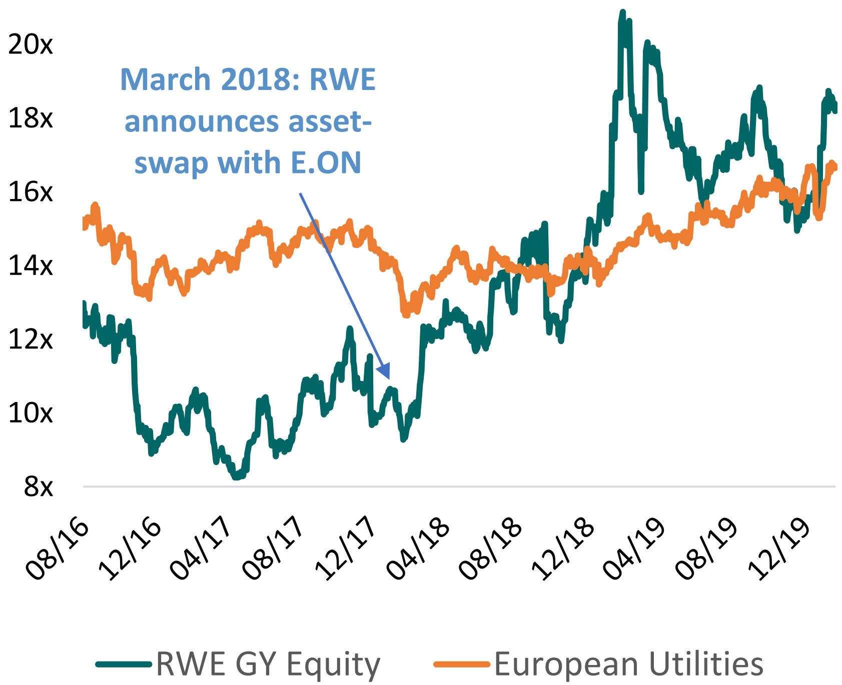


Source: Goldman Sachs

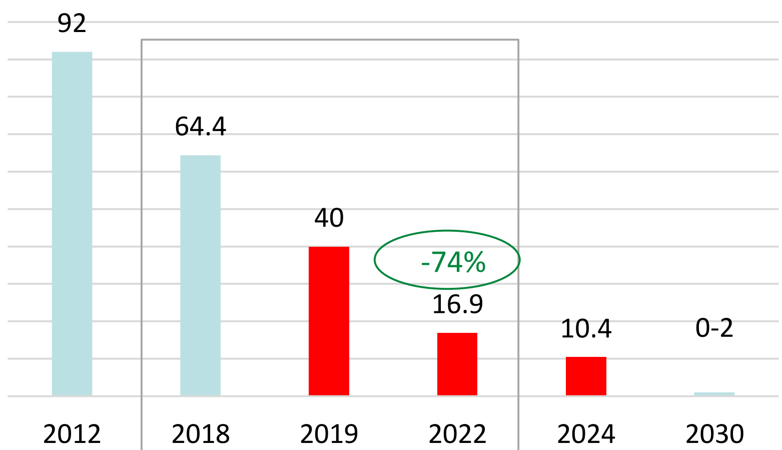
- Market re-rating of RWE is underway as the company transforms itself into a renewable energy provider
- RWE provides a road-map for the sector's valuation as the industry shifts its business model toward clean power and grids

- Enel is phasing out coal production entirely

1 Year forward price to earnings



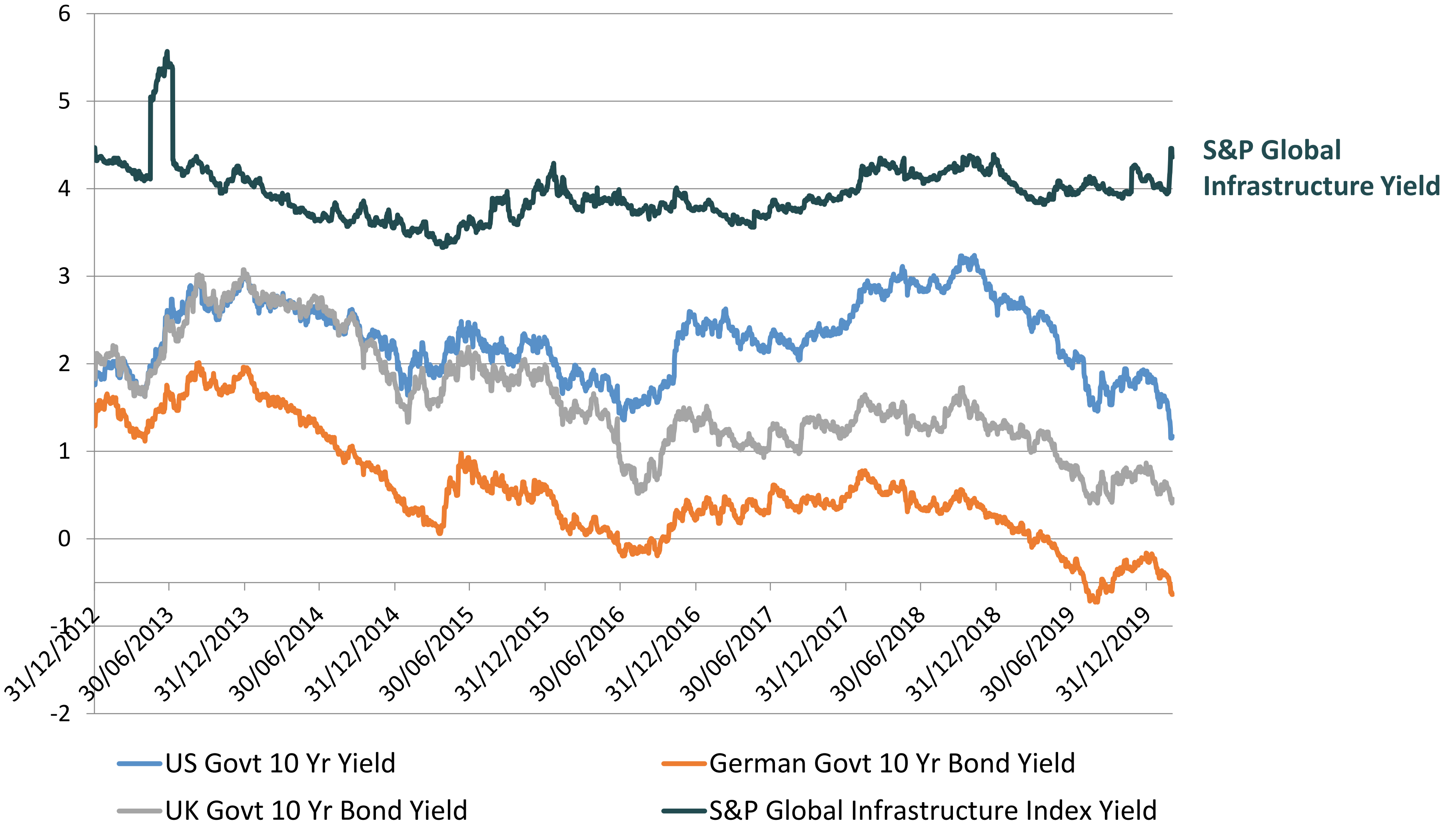
Coal production (TWh)



	2012	2018	2019	2022	2024	2030
				-19 p.p.		
Coal % of total prod'n	**31.1%**	**25.7%**	**17.3%**	**6.8%**	**3.9%**	**<1%**
Coal capacity (GW)	17.6	15.8	12.2	6.6	3.1	<2



Listed infrastructure dividend yields are attractive vs government bond yields



Source: Bloomberg

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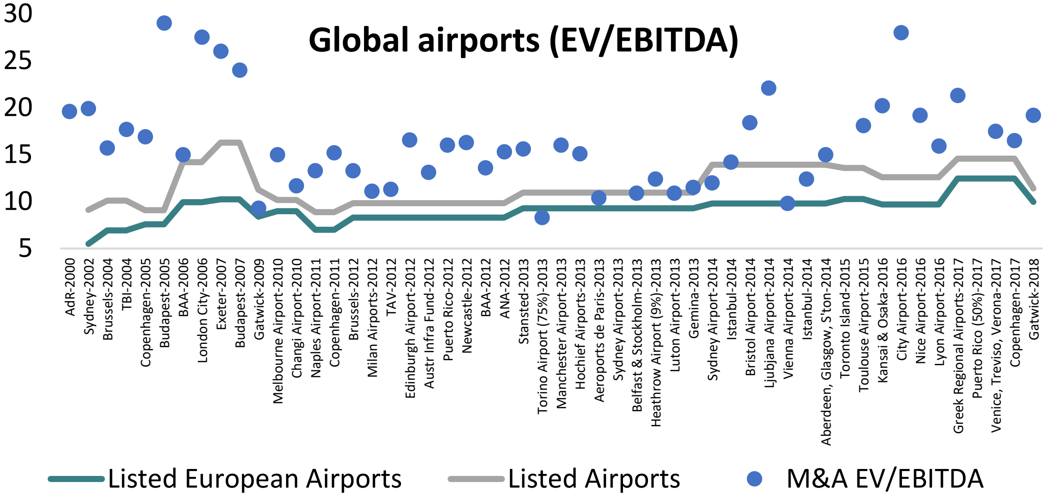
As competition for private assets is strong, listed infrastructure allocations – which are liquid and cheaper – should attract more attention



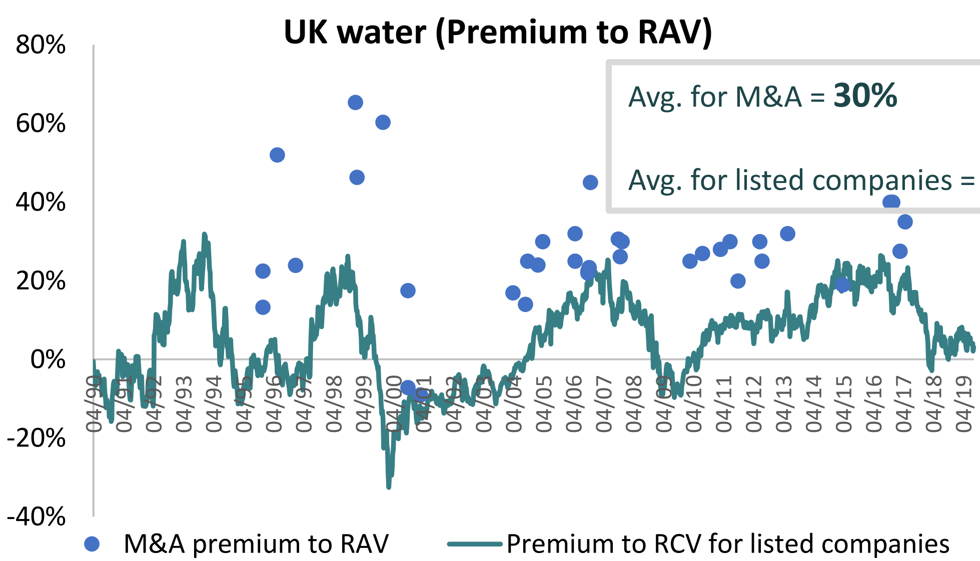
Source: Exane

M&A average = **16x**

Listed average = **12x**

Listed European average = **9x**

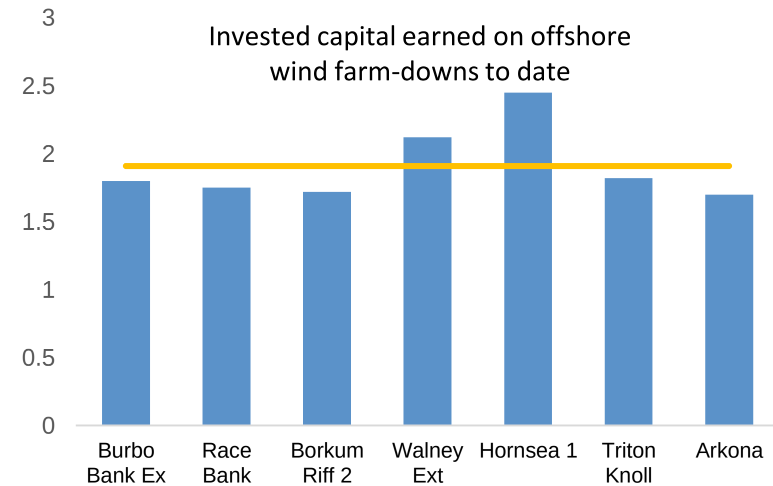
- < 10 listed airports in OECD markets
- Scarcity of investment opportunities for bidders



Avg. for M&A = **30%**

Avg. for listed companies = **5%**

Premium to invested capital for offshore wind farm-downs



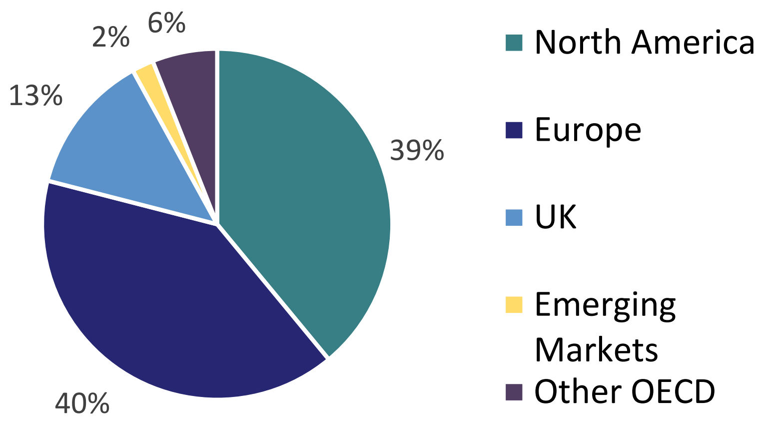
Source: Goldman Sachs

 Source: Macquarie

PORTFOLIO PROFILE (29 February 2020)



Geographical allocation (% of Portfolio)



- Over-weight Europe vs North America
- Circa 8% in 'Rest-of-World'
- Underweight pure regulated names in favour of Integrateds with sound earnings and dividend growth potential
- Confidence in 6-12% per annum total return (capital plus dividends) over the medium term; portfolio currently yields 4.2% and we expect >5% annual dividend growth from portfolio holdings

10 Largest holdings	Country	% of Portfolio
NextEra Energy*	US	5.5
Iberdrola	Spain	5.1
EDP	Portugal	4.8
Enel	Italy	4.8
SSE	UK	4.4
RWE	Germany	4.3
Engie	France	4.1
National Grid	UK	3.9
EDF	France	3.5
Exelon	US	3.5
Total (of 43 holdings)		**43.9**

*common shares; portfolio also holds the issuer's convertible preferred stock

Sub-sectors	% of Portfolio
Pure regulated utilities	20%
Transportation	15%
Integrateds	44%
Renewables/YieldCos	21%



Emissions performance of EGL's portfolio
(by Tortoise with CarbonAnalytics)

- Electricity generators in EGL's portfolio generally have CO_2 emissions which are significantly below the average emissions of their relevant electricity grid and the companies sitting in the global utilities index

31 December, 2019	Share of electricity generation from coal	Share of electricity generation from renewables[1]	CO_2 emissions compared to relevant grid[2]	CO_2 emissions per US$1.00 invested (kg)
EGL	**10.0%**	**24.7%**	**-17.3%**	**0.63**
MSCI World Utilities Index	19.5%	18.5%	-8.7%	1.04

1. Renewables = Wind, Solar, Hydro, Biomass
2. Computation of CO_2 emissions of the grid in which the companies operate

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SUMMARY: THE OPPORTUNITY

  

- Infrastructure assets are essential for society and economic growth
- Investment in economic infrastructure must be accelerated and the UN’s Sustainable Development Goals will be a propellant
- Cash flows are healthy and more predictable
- Attractive risk & return profile
- As competition for private assets is strong, listed infrastructure allocations – which are liquid and cheaper – should gather greater attention
- Tortoise has a strong performance record in listed economic infrastructure

NEWS FLASH

EGL’s 2019 Annual Report was published on 17 December, 2019. The Chairman’s statement announced an increase in the quarterly dividend rate from 1.6p to 1.65p (+3.1%), effective from the February 2020 payment (annual equivalent increased from 6.4p to 6.6p).

The AIC sector change took effect the previous day, on 16 December, and the Company is now classified as ‘Infrastructure Securities’.

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