

# Global leadership in infrastructure

## CEOs – Opportunities, Challenges and Statements

We asked GLIO member CEOs for their outlook on their respective sector opportunities and challenges over the next 18 months, plus an issue that they feel passionately about – a ‘soapbox’ statement. The responses cover utilities, energy transportation, transportation and communications infrastructure. They form a common link across the four infrastructure headline sectors and build a broader picture for the asset class.

These CEOs, combined, lead companies with over \$192 billion market capitalization and approximately \$300bn in enterprise value. Going forward, in many ways it is they who will determine how the global population use and consume essential utilities; how we transport commodities, goods, services and one another from location to location. And importantly, how we communicate efficiently with each other. They will play a key role in the global economy of tomorrow.



Clean Energy Carbon reduction  
 Natural gas Wind & solar  
 Technological Disruption  
 Critical Infrastructure Resilience  
 Reliability Stability Growth Safety  
 Regulation Affordability Political uncertainty  
 Investment incentives Customer needs 5G  
 Data Consumption Interest rates Communities  
 Social responsibility Financial discipline Sustainability



**Jim Taiclet, American Tower Corporation**  
**Chairman, President & CEO**

As at December 31, 2018:

**Market Capitalization: \$70bn**

**Enterprise Value: \$92bn**

**GLIO Infrastructure Sector: Telecom Infrastructure**

American Tower Corporation, is a leading independent owner, operator and developer of wireless and broadcast communications real estate. Its global portfolio includes over 170,000 communications sites, including nearly 41,000 properties in the USA and more than 129,000 properties internationally. In addition to leasing space on wireless and broadcast towers, we provide customized solutions through our in-building systems, outdoor distributed antenna systems and other right-of-way options, managed rooftops and services that speed network deployment.

[www.americantower.com](http://www.americantower.com)



**Opportunities**

As wireless technology evolves, global mobile data usage will continue to grow. This, along with other factors such as the rollout of FirstNet in the USA, the deployment of 5G in developed markets, and strong mobile phone growth in many international markets are opportunities for our industry. With over 170,000 communications sites, American Tower is well-positioned to capitalize on each of these.



**Challenges**

Rapidly growing consumption of data is creating pressure on mobile networks around the world, requiring operators to make significant and on-going network investments. Additionally, tight credit markets and rising interest rates may further challenge an operator's ability to invest at the necessary levels. We are partnering with customers to address these challenges as well as focusing on operational excellence and ensuring we have assets in place where they are needed most.



**Leading voice**

While the mobile revolution has benefited billions of people around the globe, others have been left behind. American Tower is helping find ways to bridge that divide. One way we are doing that is through our Digital Villages concept that we've launched in a number of our markets including India, Nigeria and Ghana. These Villages provide computer and internet access as well as training to help students and adults learn about and use digital technology. Connecting all the communities where we work and operate and ensuring people have access to technology is something both I and our global teams are very committed to.



## Tom Fanning, Southern Company Chairman, President & CEO

As at December 31, 2018:

**Market Capitalization: \$48bn**

**Enterprise Value: \$96bn**

### GLIO Infrastructure Sector: Electric Utilities

Southern Company is one of the USA's leading energy companies, with 46,000 MW of generating capacity and 1,500 billion cubic feet of combined natural gas consumption and throughput volume serving 9 million customers through its subsidiaries. Operations include nearly 200,000 miles of electric transmission and distribution lines and more than 80,000 miles of natural gas pipeline.

[www.southerncompany.com](http://www.southerncompany.com)



### Opportunities

Southern Company is unique with our decades-long commitment to real science and technology research and development. We are discovering new ways to transform the generation fleet to meet our goal to become low- to no-carbon emitting by 2050. A whole portfolio of new ideas will have a profound consequence in the future.



### Challenges

If you look at business history, one of the greatest harbingers of future failure is past success. There is no imperative to innovate. In today's world, we cannot just accept that technology is disrupting our business. Instead, we must play offense and influence what the future of energy will look like.



### Leading voice

I am co-chairman of the Electricity Subsector Coordinating Council (ESCC), the liaison between the federal government and the energy industry charged with coordinating efforts to prepare for, and respond to, national-level disasters and threats to critical infrastructure. We must continue to enhance not only the reliability of the system, but also its resilience – how the system operates under abnormal conditions. Continuing to build this notion of resilience into the system will better prepare the nation to confront cyber and physical threats.



**Terry K. Spencer, ONEOK**  
**President & CEO**

As at December 31, 2018:

**Market Capitalization: \$22bn**

**Enterprise Value: \$34bn**

**GLIO Infrastructure Sector: Oil & Gas Distribution**

ONEOK is one of the largest energy midstream service providers in the USA, connecting prolific supply basins with key market centers. It owns and operates one of the nation's premier natural gas liquids (NGL) systems and is a leader in the gathering, processing, storage and transportation of natural gas. ONEOK's operations include a 38,000-mile (61,000km) integrated network of NGL and natural gas pipelines, processing plants, fractionators and storage facilities in the Mid-Century, Williston, Permian and Rocky Mountain regions.

[www.oneok.com](http://www.oneok.com)



**Opportunities**

Crude oil development, specifically related to US shale, continues to outpace expectations. In the face of continued cyclical oil price volatility, the resiliency of the energy industry and efficiency gains of US producers have led to improved production results and an increased need for midstream infrastructure. Companies like ONEOK are providing much-needed infrastructure for the abundant natural gas liquids and natural gas in these highly productive shale plays.



**Challenges**

Capital allocation, project returns and fiscal discipline will remain critical as we work to attract new investors and prove to current investors that the industry learned from the last downturn. With an emphasis on stability, ONEOK has increased fee-based earnings and lessened our commodity-price exposure while focusing on organic projects with attractive returns and visibility to earnings growth. The next 18 months will be critical as energy companies work to prudently manage their capital spending and balance sheets while continuing to meet customer needs.



**Leading voice**

North American energy, for really the first time, is positioned to play a major role in supplying worldwide energy demand. Infrastructure investments and advancements made throughout the shale revolution have provided our industry with the ability to produce competitively priced resources, including natural gas liquids. Midstream companies like ONEOK will play a vital role in this changing global demand environment by expanding the sector's outreach as a global supplier. ONEOK is uniquely positioned for growth and committed to being a safe, environmentally responsible operator – this is embedded in our culture and evident in our ESG performance.

# Transurban

Scott Charlton, Transurban  
CEO

As at December 31, 2018:

Market Capitalization: **\$22bn**

Enterprise Value: **\$35bn**



Image by Britta  
Campion / Newspix

## GLIO Infrastructure Sector: Highways

Transurban is an Australian-listed company that builds and operates toll roads in Melbourne, Sydney and Brisbane, as well as in Greater Washington, USA and Montreal, Canada. As one of the world's largest toll-road operators, everything Transurban does works to get people where they want to go, as quickly and safely as possible – from designing and building new roads to researching new vehicle and road safety technology.  
[www.transurban.com](http://www.transurban.com)

### Opportunities

Technology advances are transforming transportation and are going to fundamentally change how people move about major cities. This encompasses everything from integrated networks where users can make decisions around which transport mode best suits their requirements, to new vehicle technologies that will transform their experience of a given mode. We need to be positioning for that future now. That's why we're testing connected and automated vehicles on our roads; developing new apps and digital platforms to enhance our customers' experience; and investing in new GPS and geo-fencing technologies to expand our product offering to meet changing consumer needs. Importantly, the foundations are being laid through our investments in the latest smart road technology to improve the safety, reliability and efficiency for customers on our roads today.



### Challenges

Mass urbanization and population growth in major cities across the world is putting strain on their transportation systems and infrastructure. Governments are investing record amounts in building and upgrading motorways but this activity is simply not keeping up with population growth and the needs of communities. Part of the solution is leveraging private sector expertise and investment in the delivery of infrastructure. Transurban's own project pipeline comprises seven toll-road projects that will come on line over the next five years. But new and upgraded infrastructure is only part of the solution, significant and sustained investment in new technologies and policy reforms that allow cities to get the most out of their existing infrastructure will be crucial in keeping transportation networks moving.



### Leading voice

There are obvious challenges for many businesses in the current environment, but I strongly believe that good businesses will come through this cycle in a stronger position. They'll decipher what is real from what is noise and make the necessary adjustments and improvements. Businesses that do that will better meet the needs and expectations of their customers and the broader community, which will underpin the long-term sustainability of any enterprise.





## Gale E. Klappa, WEC Energy Group Chairman & CEO

As at December 31, 2018:

**Market Capitalization: \$22bn**

**Enterprise Value: \$33bn**

### GLIO Infrastructure Sector: Electric Utilities

WEC Energy Group is one of the USA's largest electric generation and distribution and natural gas delivery holding companies. Together, it provides energy services to nearly 4.5 million customers in Wisconsin, Illinois, Michigan and Minnesota. Our combined assets allow operating efficiencies across 69,600 miles of electric distribution lines, 49,000 miles of natural gas distribution and transmission lines, and 8,700 megawatts of reliable power plant capacity.

[www.wecenergygroup.com](http://www.wecenergygroup.com)



### Opportunities

With the growing efficiency and affordability of lower-carbon technology, we're reshaping our generation fleet for a clean, reliable future. In 2019 and 2020, we plan to add new sources of wind and solar energy to our portfolio, as well as efficient and flexible natural gas generation.



### Challenges

In the energy industry, challenges and opportunities often are connected. In the midst of technological change, we must continue to operate our regulated utilities with care and financial discipline. We are working to balance carbon-reduction efforts with our responsibility to provide affordable and reliable power to our customers.



### Leading voice

Wisconsin has seen significant growth in the manufacturing sector over the past year, and I believe there are even greater opportunities ahead as the tremendous impact of Foxconn's investment plans for the region take shape. We stand ready to meet the state's energy needs, while balancing our carbon reduction efforts and maintaining our track record of being the best in the Midwest for delivering reliable power.

# ZURICH AIRPORT



## Stephan Widrig, Zurich Airport CEO

As at December 31, 2018:

Market Capitalization: **\$5bn**

Enterprise Value: **\$6bn**

### GLIO Infrastructure Sector: Airports

Flughafen Zurich AG operates Switzerland's most important meeting hub – Zurich Airport. It has approximately 1,700 employees across four business areas. The company focuses on its core activities: national and international airport operations, the operation of commercial centred on the landside and airside areas, as well as income-oriented management and further development of real estate at the Zurich location.

[www.zurich-airport.com/the-company](http://www.zurich-airport.com/the-company)



### Opportunities

Zurich Airport has developed into a major transportation hub for both passengers and commuters. Our commercial activities are benefiting from increasing frequencies and at the same time we are enhancing the atmosphere as well as the urban quality of Zurich Airport, namely with the real estate development project THE CIRCLE, which will be up and running in approximately 18 months. Simultaneously, we are scaling up our international business where we are able to transfer our deep airport operator and developer know-how to new markets.



### Challenges

After several years of strong traffic growth supported by a robust economy and record low interest rates, airports are now faced with a more mixed outlook which likely includes a consolidation of air traffic. Political uncertainties across Europe, some regulator's arbitrariness and potential rising interest rates may burden the sector in general in the foreseeable future.



### Leading voice

Air travel, particularly in Europe, has come to see some of its limits regarding capacity this year. Punctuality was low and cancellation of flights has risen. Thus, it is crucial for regulators to incentivize private airports to reinvest significantly into their infrastructure to overcome the unbroken desire to travel worldwide. The Swiss regulator recently announced some incomprehensible changes for the airport ordinance, which would weaken our investment incentives. The entire industry will have to stand up for maintaining the incentives for aeronautical infrastructure investments.



**Roberta Neri, ENAV  
CEO**

As at December 31, 2018:

**Market Capitalization: \$2.3bn**

**Enterprise Value: \$2.4bn**

ENAV is the Italian air navigation service provider, ensuring safety and reliability 24/7 for the 1.8 million flights ENAV handles annually from the control towers of 45 airports and four area control centers. With a workforce of 4,200, ENAV company provides air navigation services to its numerous customers, the airlines that fly over Italian airspace.

[www.enav.it](http://www.enav.it)



### Opportunities

We expect to be able to continue to benefit from the favorable growth dynamics of the air transport sector and from the strong operating performance of ENAV. On the non-regulated business, we will start seeing the positive impact of the Aireon satellite surveillance system as well as the launch of our UAV/drones traffic management solution.



### Challenges

2019 will represent a key year for ENAV and its peers as it will see the definition of the European regulatory framework for the period 2020-2024. For ENAV the next 18 months will be key in setting the basic building blocks of a new operating model centered around the consolidation of our area control centers as well as the introduction of remote tower technology.



### Leading voice

I strongly believe that our airspace needs to be viewed as an infrastructure asset characterized by a rapidly growing demand which ENAV seeks to satisfy in the most effective and efficient way, while guaranteeing the utmost level of safety and quality of service. To effectively leverage this infrastructure we will continue to invest in technological evolution to support the significant growth we are seeing in air traffic and will adopt a more flexible organization of our operations in order to fully absorb any unexpected fluctuations in traffic volumes.