



Infrastructure
Investor

Valuations Deep Dive

Has the market accurately assessed valuations post-pandemic?

PEI

Here's what you missed

"If you can't (establish) fair value then you can't measure risk." EDHECinfra Director Frederic Blanc-Brude ran through a 10-minute scene-setting analysis of why fair value matters in infra before the panel unwrapped his argument and identified their evolving attitudes to valuations post-pandemic. A download of his full presentation is available to members only.

But the past 12 months has made establishing future cash-flows to inform fair value very tricky indeed and that's true of the art – not science – of setting the discount rate. Both have to be executed at an asset-level, not by sector and geographies. An unexpected challenge: "That we don't take too prudent a view on our valuations," particularly as some infra assets have traded at above book value during the pandemic. Discount rates have compressed but are yet to feed back into valuations.

One change? Debt investors now look more closely to see how much skin in the game equity investors have. And what lessons from the 2008 crisis can be seen? Sure, similarities at a top level – volatility, fear, spreads blowing out – but actually the crises are very different: Liquidity isn't an issue this time around – and deal structures are more stable, with more focus now on assets being investment-grade on day one. It's critical to judge deals on merit – airports may look an opportunity but it depends on what type and where.

And the age-old talk of what is core and non-core in infra? The crisis has pretty much killed off the relevance of that.

Here's what you missed

Speakers:



Serkan Bahçeci
Partner & Head of Research,
Arjun Infrastructure Partners



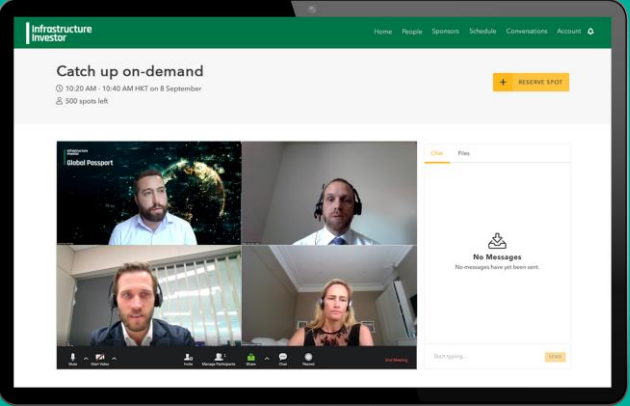
Annette Bannister
Head of European
Infrastructure, MetLife
Investment Management



Frederic Blanc-Brude
Director, EDHECinfra & CEO,
Scientific Infra



Colin Simpson
Head of Asset Management,
LPPI



The screenshot shows a web browser interface for 'Infrastructure Investor'. At the top, there's a navigation bar with links for Home, People, Sponsor, Schedule, Conversations, and Account. Below the navigation, a banner reads 'Catch up on-demand' with a time range '10:20 AM - 10:40 AM HKT on 8 September' and '500 spots left'. A 'RELEASE SPOT' button is visible. The main content area features a video player with four participants in a grid. To the right of the video is a 'Files' section with a 'No Messages' notification. The bottom of the screen shows a video control bar with icons for mute, video, chat, and other functions.

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