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INSTITUTE OF ADVANCED INVESTMENT MANAGEMENT
THE UNIVERSITY OF UTAH

FTAI Infrastructure Inc. (NASDAQ: FIP)

Fundamental Analysis and Investment Recommendation

Team: Mosaic Capital

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Risk

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Valuation

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Industry Analysis

BUY @ $5.41 FIP | Upside 116%

	FTAI INFRASTRUCTURE
Current Stock Price NASDAQ: FIP	$5.41
12-Month Target Price	$11.70 / share
Upside Potential	116%+
Proposed Allocation (Shares)	3,600
Valuation Method	DCF (Base Case)
Key Assumptions	WACC 8.3%, g = 3.0%
Valuation Range	$5.33 - $14.83/ share
Portfolio Impact	Use Cash

Acquisition of W&LE

Long-term contracts

Tax exempt financing

Safe in an economic downturn

Company Snapshot – FTAI Infrastructure (NASDAQ: FIP)

Founded	**2021, New York, New York**
Employees	**~670 domestically**
Terminals	**3**
Core Business	**Transportation & Energy**
Business Segments:	
Transportation	**Freight rail operations, switching, car storage, and terminal logistics**
Infrastructure	**Port, storage, and transloading facilities at Jefferson and Repauno**
Energy	**Power generation and natural gas logistics through Long Ridge Energy**

Revenue / EPS Growth

- Revenue growth driven by rail and terminal throughput expansion.
- 2024–2025 expected revenue CAGR: ~25–30%, supported by higher utilization and new customer contracts.
- EPS expected to turn positive by late 2025–2026 as FIP monetizes assets and improves cash flow.
- 10.9B

Market Growth

- U.S. infrastructure investment tailwinds from reshoring, energy transition, and logistics demand.
- Rail and port capacity constraints in the Gulf and Northeast create favorable pricing power.
- Expansion into energy transition and sustainability projects broadens total addressable market.

Strategic Outlook

FIP aims to become a vertically integrated infrastructure operator, leveraging Fortress Investment Group's capital and expertise to enhance rail, port, and energy connectivity. The Wheeling & Lake Erie Railway acquisition (~$1B) will double rail scale and deepen industrial network exposure, positioning FIP for long-term EBITDA growth and multiple expansion.

Financial Strength

- Market Cap: ~$1.05B
- Net Debt: ~$1.9B → leverage ~4.5–5.0× EBITDA
- EBITDA (2025E): ~$400M
- Free Cash Flow (2025E): Turning positive as capex expenditures slow post-acquisition
- Supported by Fortress management expertise, structured financing, and potential asset recycling to reduce leverage

Industry & Competitive Landscape

U.S. Market

CAGR 2024 - 2032
6.6%

$ 3.8T — **$ 5.2T**

2025 **2030**

Driven by modernization, transportation, and clean-energy projects.

Top 7 Companies by Revenue

1 Overview

- Global Market $3.8 trillion in 2025 with a 6.6% CAGR
- **North America** represents ~40% of global revenue, followed by **Asia-Pacific (~46%)** in growth momentum.

2 Market Tailwinds

- **Aging Infrastructure:** ~70% of U.S. infrastructure lines are over 25 years creating demand for upgrades
- **Investment Resurgence:** Construction spending surged > 20% from 2023–2025; energy, water, and data infrastructure leading.
- **Technological Adoption:** Digital twins, drones, and AI-based monitoring improving project efficiency and safety.

3 Competitive Landscape

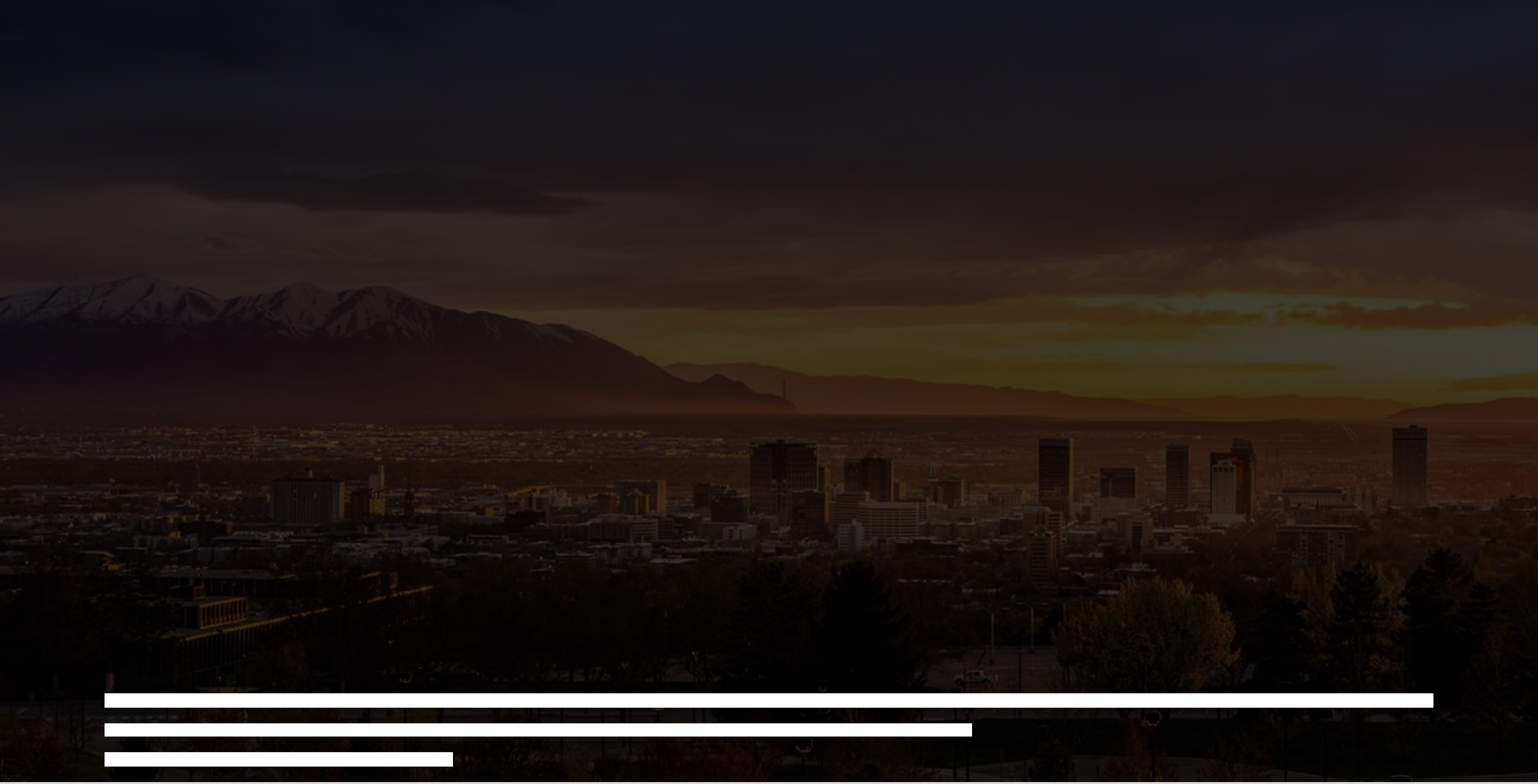
- **Fragmented Market:** meaning many companies, just not a few giants.
- **Different ways to compete:**
  Large players win through scale and capacity for major projects.
  Mid-sized firms compete through speed, specialization, and efficiency.
  Others stand out with sustainability and tech-driven solutions

4 Market Headwinds

- **Macro Effects:** industry is sensitive to tariffs. Costs of steel and machinery are rising due to tariffs; and supply chain disruption threaten growth
- **Labor Constraints:** shortage of skilled workers is a bottleneck for projects
- **Permitting Delays:** Permitting remains one of the largest bottlenecks with a median of 2.5 years, with complex projects averaging nearly 4 years

Peer Comparison

Market and Financial Data In USD Millions, except for ratios									
Comparable Companies	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBIT	P / E	EV / Sales	EV / EBITDA	EV / EBIT
FTAI INFRASTRUCTURE INC	FIP US	4,171.8	382.5	125.8	27.0	(3.8)	10.9x	33.2x	154.7x
CRANE NXT CO	CXT US	4,830.7	1,537.3	368.9	231.0	21.9	3.1x	13.1x	20.9x
DIEBOLD NIXDORF INC	DBD US	2,827.5	3,672.3	414.2	173.4	28.9	0.8x	6.8x	16.3x
LUMENTUM HOLDINGS INC	LITE US	13,415.4	1,645.0	93.2	(180.1)	864.8	8.2x	143.9x	-74.5x
COMPASS DIVERSIFIED HOLDINGS	CODI US	3,180.0	2,200.0	402.0	230.8	119.6	1.4x	7.9x	13.8x
CION INVESTMENT CORP	CION US	1,580.0	225.8	198.6	84.2	6.5	7.0x	8.0x	18.8x
RADIANT LOGISTICS INC	RLGT US	343.5	902.7	56.1	21.1	15.9	0.4x	6.1x	16.3x
JANEL CORP	JANL US	82.3	204.5	12.1	6.3	16.3	0.4x	6.8x	13.0x
TINGO GROUP	TIOG US	507.8	2,053.0	884.9	513.2	0.1	0.2x	0.6x	1.0x
HUB GROUP INC-CL A	HUBG US	2,610.0	3,780.0	328.9	135.3	21.2	0.7x	7.9x	19.3x
EXPEDITORS INTL WASH INC	EXPD US	15,710.0	11,270.0	1,180.0	1,120.0	19.6	1.4x	13.3x	14.0x



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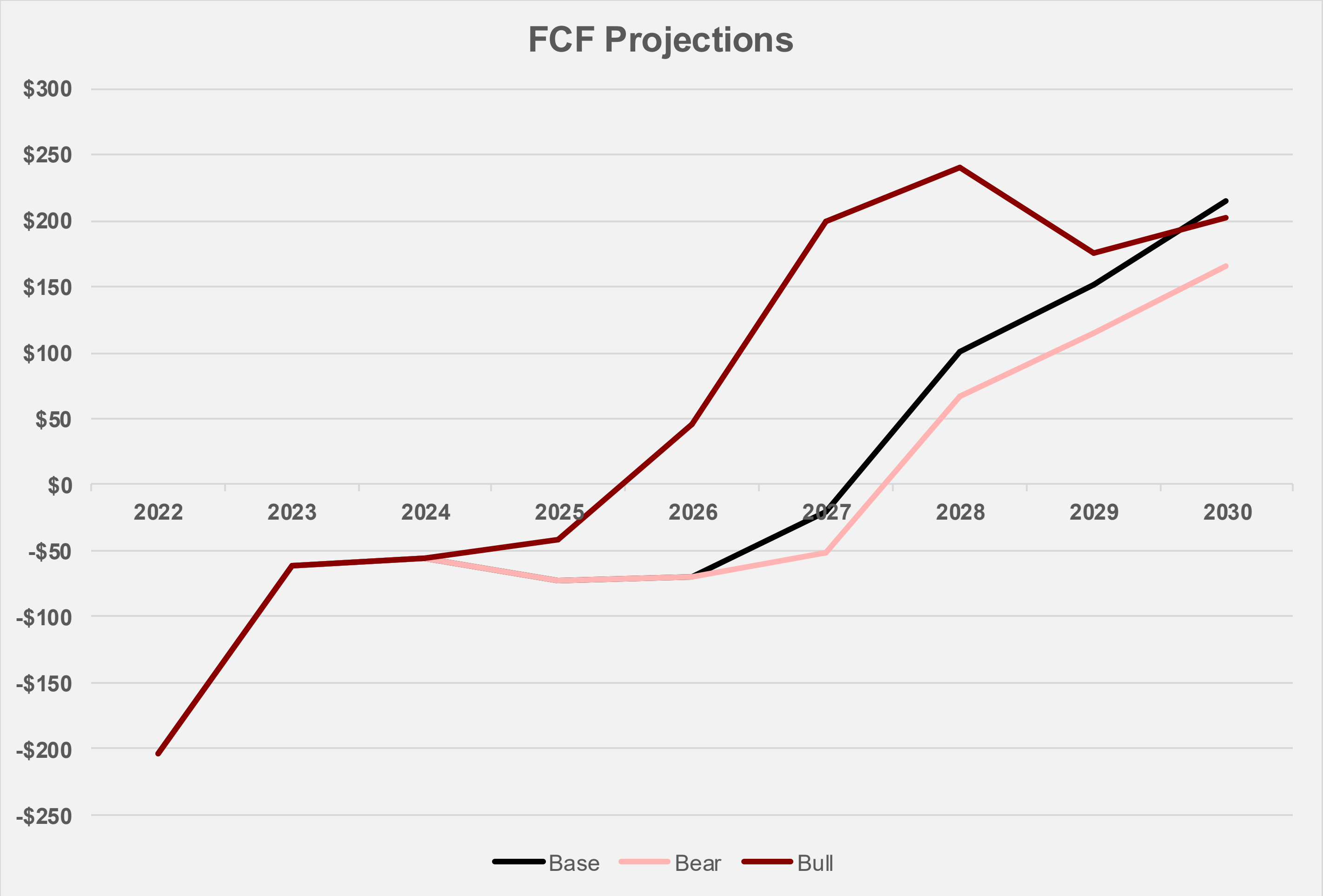
Assumptions

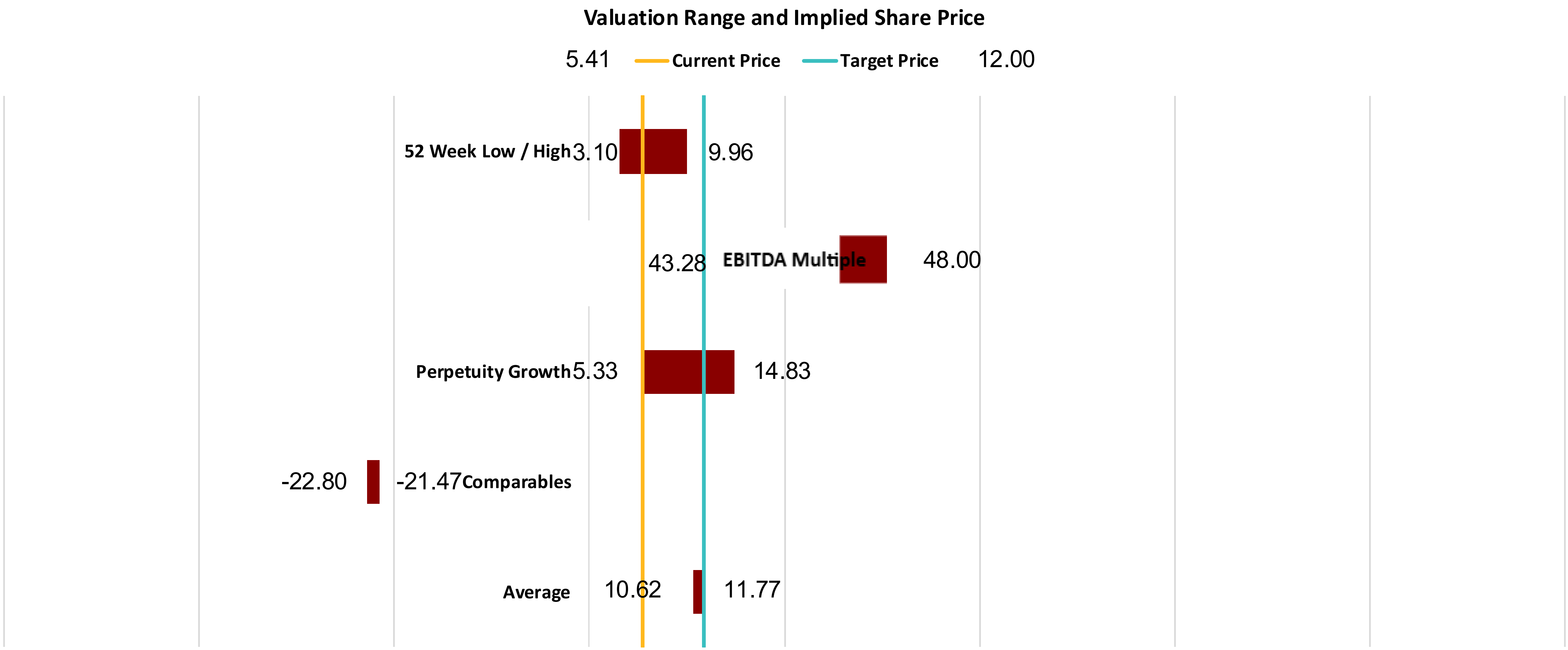
Base Key Drivers:
- Modest M&A
- Affiliates stabilize
- Secured LT contracts

Bear Key Drivers:
- Slower growth
- Regulatory headwinds
- Lack of synergies

Bull Key Drivers:
- Strong M&A integration
- Energy price tailwinds
- New terminal capacity
- Debt refinancing



Outcomes



Valuation Range and Implied Share Price
5.41
Current Price
Target Price
12.00
52 Week Low / High
3.10
9.96
43.28
EBITDA Multiple
48.00
Perpetuity Growth
5.33
14.83
-22.80
-21.47
Comparables
Average
10.62
11.77

WACC Calculation

US Real Gross Domestic Product	3.8%
Perpetuity Growth Rate	3.0%

Weighted Average Cost of Capital Calculation

Source: Bloomberg >>> WACC

Weighted Average Cost of Capital	**8.3%**

Equity		+ Debt		+ Preferred Equity	
Cost of Equity		**Cost of Debt**		**Cost of Preferred Equity**	
Risk Free Rate	**4.59%**	**1 - Effective Tax Rate**	**100.00%**	Preferred Dividend	**70.81**
+ Equity Risk Premium	**7.50%**	Effective Tax Rate	0.00%	/ Preferred Equity	**381.22**
Beta	1.40	**x Total Pre-Tax Cost of Debt**	**4.58%**		
x Country / Region Premium	**5.36%**	**Note Rate x ST Debt as % of Total Debt**	**0.14%**		
Expected Market Return	9.95%	Short Term Debt as % of Total Debt	3.37%		
- Risk Free Rate	4.59%	x Note Rate	4.23%		
		+ Bond Rate x LT Debt as % of Total Debt	**4.44%**		
		Long Term Debt as % of Total Debt	96.63%		
		Bond Rate	4.59%		
Total Cost of Common Equity	**12.09%**	**Total Cost of Debt**	**4.58%**	**Total Cost of Preferred Equity**	**18.6%**
Market Cap	**616**	**Total Debt**	**1,655.90**	**Total Preferred Equity**	381
% of Total Capital	*23.2%*	*% of Total Capital*	*62.4%*	*% of Total Capital*	*14.4%*
Share Price	5.41	ST Debt	55.77	Preferred Equity and Hybrid Capital	381
Shares Outstanding	113.93	LT Debt	1,600.13	**Total Capital**	**2,654**

Exit EV / EBITDA Multiple Calculation

Exit EV / EBITDA Multiple	**22.9x**

Ticker	EV/EBITDA
FTAI INFRASTRUCTURE INC	33.16x
CRANE NXT CO	13.09x
DIEBOLD NIXDORF INC	6.83x
LUMENTUM HOLDINGS INC	143.93x
COMPASS DIVERSIFIED HOLDINGS	7.91x
CION INVESTMENT CORP	7.96x
RADIANT LOGISTICS INC	6.12x
JANEL CORP	6.78x
TINGO GROUP	0.57x
HUB GROUP INC-CL A	7.94x
EXPEDITORS INTL WASH INC	13.31x
Median	**7.92x**
IQR	**6.53x**
Up Limit	**22.95x**

Risks & Challenges

Risks

- **Interest Rates & Refinancing ★★★★★**
  - Higher-for-longer rates elevate WACC and pressure equity returns on new projects.
  - Refinancing windows for asset-level debt and holdco notes are material to FCF.
- **Regulatory & Environmental ★★★★★**
  - Rail (FRA/STB) and terminals/pipelines (USCG/PHMSA) oversight can add capex/opex and restrict ops.
  - Incidents or spills could trigger fines, shutdowns, or costly remediation.
- **Commodity-Linked Throughput ★★★★**
  - Jefferson/Repauno volumes tied to crude/NGL/chemicals flows; volatility can dent utilization.
  - Storage/throughput contracts may not fully shield downside in severe downturns.
- **Counterparty & Concentration ★★★★**
  - Embedded industrial customers and a handful of large counterparties drive a big share of revenue.
  - Customer distress or non-renewal would impact cash generation.
- **Construction & Supply Chain ★★★**
  - Large projects face cost inflation (steel, labor) and timing risk on critical equipment.
  - Permitting delays or community opposition can push schedules.
- **External Management / Conflicts ★★★**
  - Externally managed by a Fortress affiliate—fee drag and related-party dynamics require oversight.
  - Alignment depends on incentive structure and board governance.

Challenges

- **Integration & Execution ★★★★**
  - Scaling the rail platform while growing terminals demands flawless sequencing.
  - Any slip in safety, service levels, or on-time performance erodes volumes and price.
- **Ramp at Repauno & Jefferson ★★★★**
  - EBITDA relies on winning/retaining multi-year contracts and realizing bi-directional flow benefits.
  - Commercial development of Repauno's acreage must progress to plan.
- **Power Asset Utilization (Long Ridge) ★★★**
  - Need stable capacity/merchant margins while exploring AI data-center and hydrogen co-fire options.
  - Fuel supply and grid dynamics can swing realized margins.
- **Competition & Substitution ★★★**
  - Truck/barge/pipeline alternatives and other short-line operators compete for volumes.
  - Customers may re-route as spreads/logistics economics change.
- **Capital Allocation Discipline ★★★**
  - Balancing growth capex, deleveraging, and dividends is a persistent trade-off.
  - Mis-timed investments could strain the balance sheet.
- **Upholding Safety & ESG License ★★★**
  - Safety culture and environmental stewardship are prerequisites for community/regulator support.
  - A single incident can damage reputation and invite heightened scrutiny.

SWOT Assessment

STRENGTHS +

- **Strategic, hard-to-replicate footprint:** Rail (Transtar), Gulf Coast terminal (Jefferson), Atlantic terminal (Repauno), and **Long Ridge** power—critical nodes with high barriers.
- **Sticky rail demand:** Embedded industrial customers/captive lanes support recurring carloads and pricing power.
- **Jefferson upside:** Aramco-linked volumes + bi-directional pipeline flexibility should lift utilization/margins.
- **Repauno runway:** Deep-water, rail-served acreage with cavern storage enables multi-year development.

WEAKNESSES –

- **Leverage & scale:** ~$1.6B debt and smaller platform vs. IG peers heighten refinancing sensitivity.
- **External management:** Fee drag/related-party dynamics require strong oversight.
- **Uneven segment profits:** EBITDA concentrated in Rail/Jefferson; Repauno & Sustainability still ramping.
- **Commodity adjacency:** Throughput tied to crude/NGL/chemicals; volatility can dent volumes.

INTERNAL FACTORS

OPPORTUNITIES +

- **Rail scale-up (W&LE):** Adds diversified carloads beyond steel; platform and synergy potential.
- **Export tailwinds:** Gulf Coast arbitrage supports storage/throughput and longer-term contracts.
- **Repauno build-out:** Clean fuels, chemicals, logistics tenants to convert land into EBITDA.
- **Power/AI options:** Long Ridge data-center loads and hydrogen co-fire for higher-value revenue.

THREATS –

- **Rates/credit:** Higher-for-longer raises WACC, squeezes IRRs, complicates refis.
- **Execution risk:** Integrating new rail + terminal ramps; any slip in safety/OTP hits cash.
- **Regulatory/ESG:** FRA/STB, USCG/PHMSA, and environmental rules can add capex or constrain ops.
- **Manager conflicts:** Alignment must be actively governed.

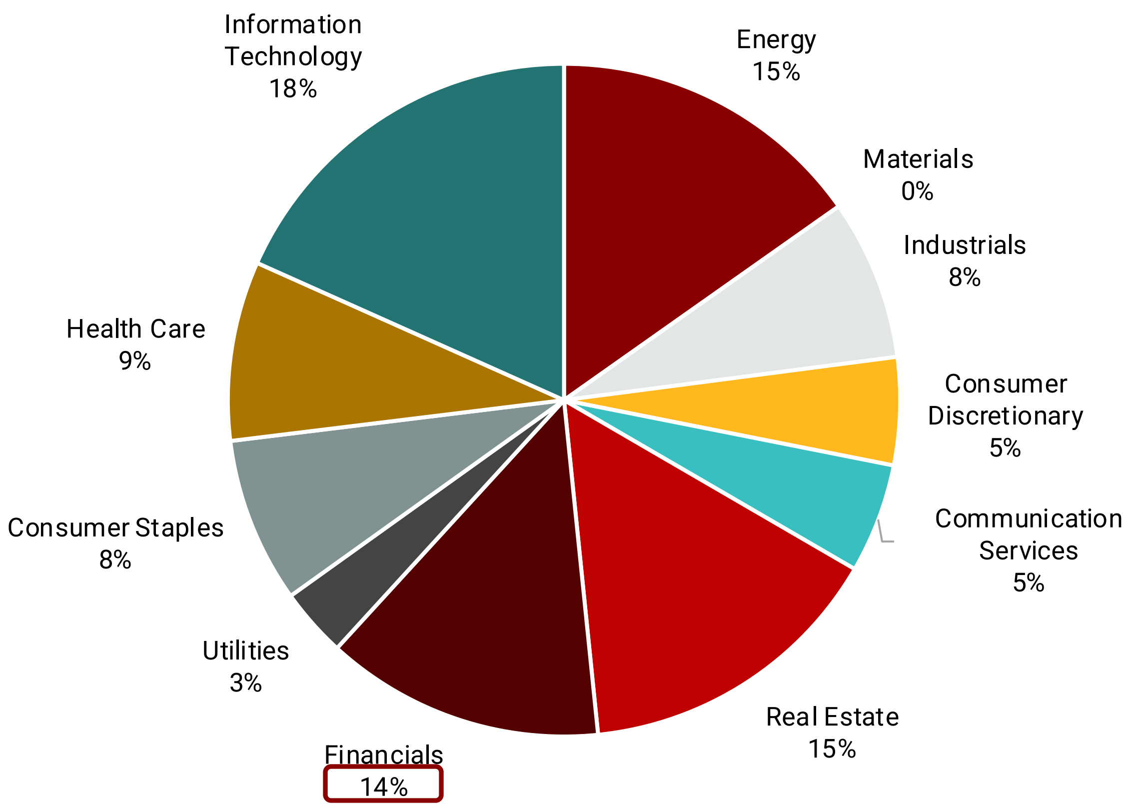
EXTERNAL FACTORS

Porter's Five Forces

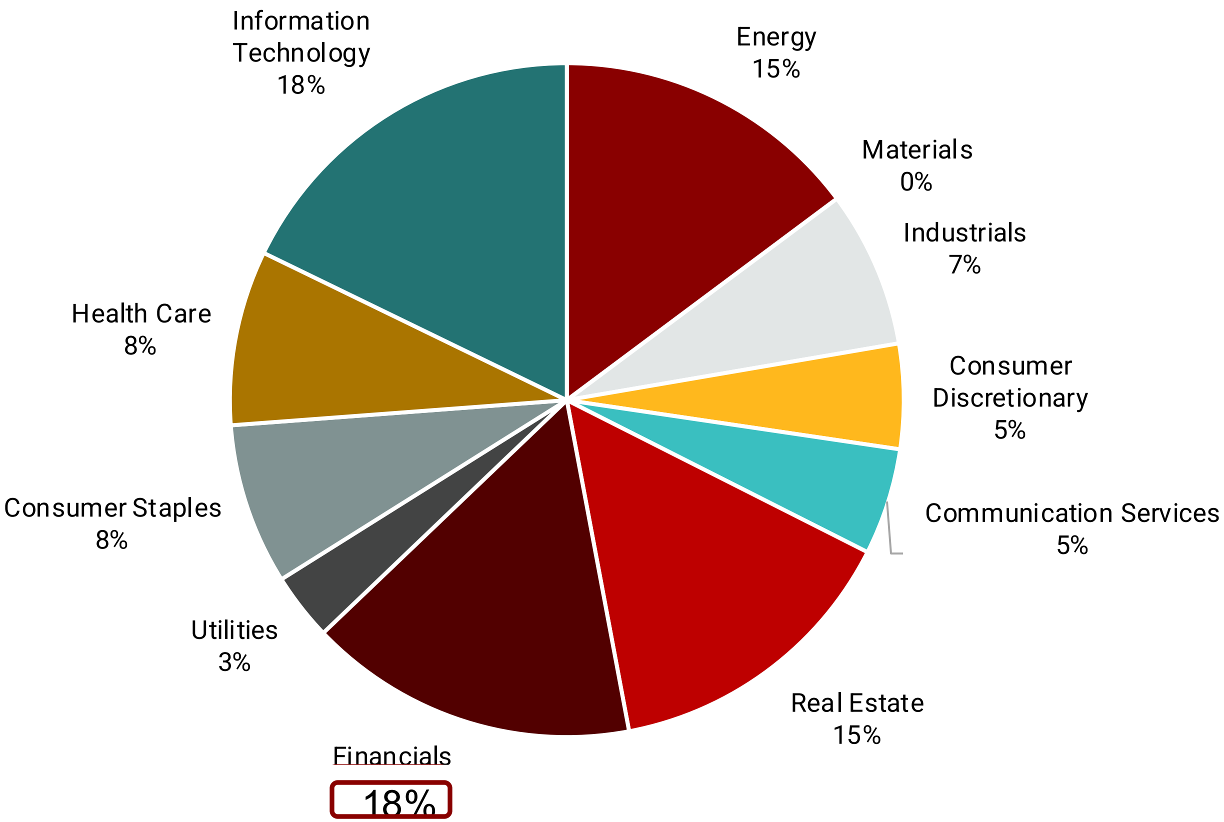
Threat of New Entrants	Supplier Power	Buyer Power	Substitutes	Competitive Rivalry
Low	Medium	Medium	Low	High

Portfolio Sector Allocation

Before - Sector Allocations



After - Sector Allocations



Summary

1

Investment Recommendation

Recommendation: *BUY*
Target Price (12-month): $11.70/share

Upside Potential: +116% vs. current price ($5.41)

FIP's diversified infrastructure portfolio offers a compelling opportunity. Improving cash flow visibility and operational optimization across terminals supports a rerating as execution risk declines.

2

Major Risks (Bear Case Factors)

- High leverage and negative FCF may pressure liquidity amid elevated rates.
- Execution risk integrating the Wheeling & Lake Erie acquisition (~$1 B).
- Sensitivity to industrial demand cycles and macroeconomic slowdowns.
- Early-stage sustainability assets may not achieve targeted returns.

3

Key Catalysts

- Closing and integration of Wheeling & Lake Erie Railway (network scale + operational synergies).
- Aramco Trading Americas partnership at Jefferson Terminal drives volume and margin expansion.
- Operational efficiency and throughput growth at Repauno and Long Ridge Energy.
- Potential asset recycling and deleveraging improving balance-sheet flexibility and valuation.

4

Strategic Outlook

FIP is evolving into a vertically integrated infrastructure platform spanning rail, port, and energy logistics. Fortress's active management and capital discipline provide institutional credibility and access to growth capital. With rising utilization, expanding contracted cash flows, and optimization of its high-value assets, FIP is positioned for sustained double-digit EBITDA growth and a long-term ROIC above its cost of capital.