Energy Infrastructure Review & Outlook

1Q 2025

EAGLE GLOBAL ADVISORS

Macro Environment

- The Federal Reserve appears to be in a holding pattern as it evaluates the impact recent adjustments in tariff rates implemented by the new administration are having on economic conditions and inflation, the latter of which remains subdued.

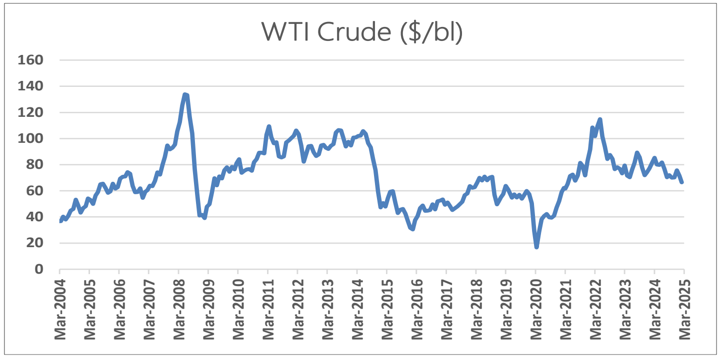
- The S&P 500 set an all-time high in February, though it has since meaningfully dropped following the trade war initiated by the new administration. In addition, the 10-year Treasury rate is experiencing significant volatility as uncertainty rises.

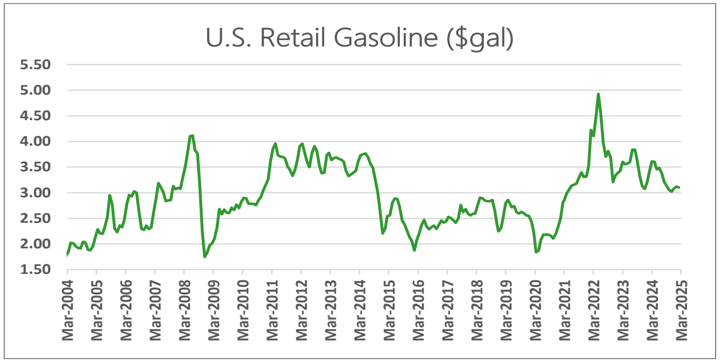
- OPEC+ surprised the market with a greater-than-expected increase in production as they more quickly wind down voluntary production cuts that have been the norm for several years. Geopolitical risks remain elevated.

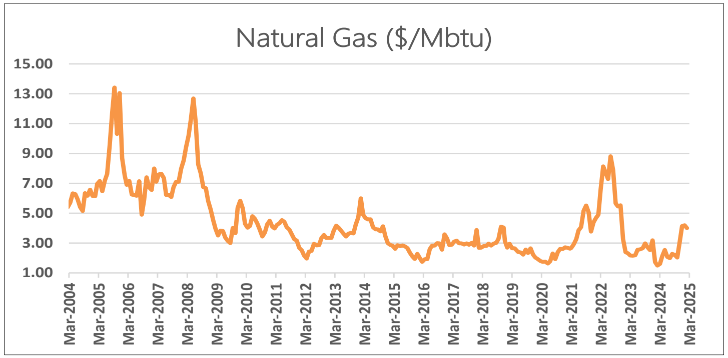
- U.S. crude oil production has been relatively flat since the end of 2024, though the latest actions by OPEC+ will likely weigh on prices and domestic production for the remainder of 2025.

- The Long-term outlook for natural gas demand remains healthy on the proliferation of data centers tied to generative AI and, separately, the ongoing ramp-up of natural gas export facilities.

Demand > Supply = Higher Prices For Longer







- Commodity cycles tend to be multi-year.
- OPEC+, led by Saudi Arabia, surprised the market by more quickly reducing voluntary production cuts (thereby raising production).
- Domestic U.S. producers remain disciplined, focusing on returning capital to shareholders and enhancing production via efficiency gains.

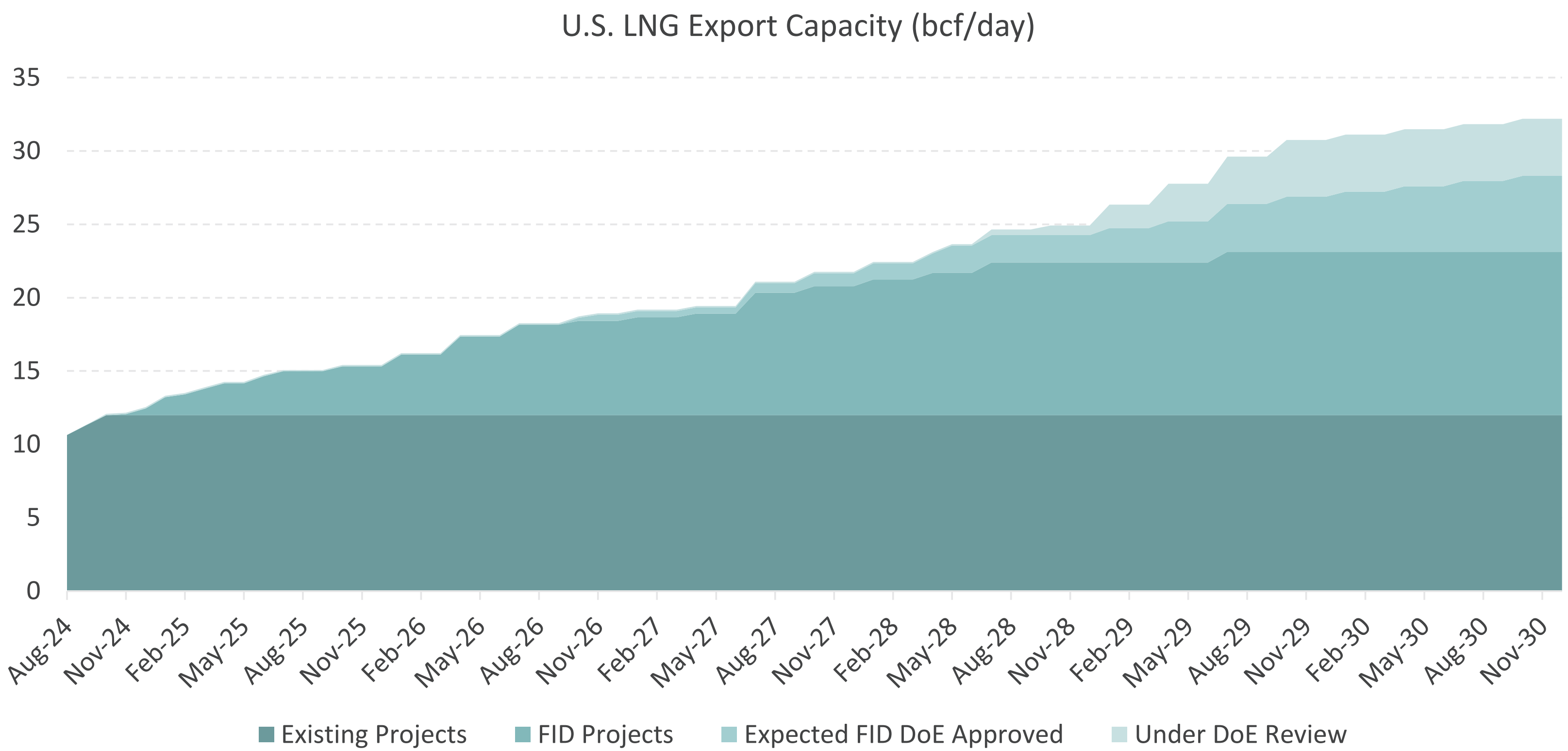
Source: Energy Information Agency. Data as of 3/31/2025.

LNG Exports, Data Centers, Reliability…

Strategic pillar	*2023 – 2035* *Growth*
Next wave LNG LNG connectivity across Canada, the U.S. and Mexico	**+26** Bcf/d **North America LNG demand**
Power generation Electrification, coal retirements, AI & data centers are key growth drivers	**Up to** **12** Bcf/d **North America power demand**
LDC energy reliability Utilities contract for demand peaks, bolstering reliability	**+2** Bcf/d **North America LDC demand**
Supply access Connecting the lowest-cost supply to the highest-value markets	**+40** Bcf/d **North America natural gas production**

Source: TC Energy

LNG Exports: The Quiet Catalyst



Source: East Daley

Midstream Outlook

Strong Distributable Cash Flow Growth, Healthy Financials, and Compelling Value

- Distributable Cash Flow continues to rise, driven by healthy energy market fundamentals, positive contract pricing tailwinds and M&A.
- High distribution coverage and conservative balance sheets offer a meaningful buffer to macro uncertainty prevalent in today's market, while also allowing Midstream to fund growth opportunities without the need to access capital markets.
- Midstream companies capitalizing on natural gas demand growth megatrends and the global market's desire for stable and secure energy supplies.
- MLP Valuations remain compelling relative to historical levels and compared to other yield-oriented asset classes.
- *Improving medium-to-long-term outlook continues to re-invigorate Midstream terminal values, though near-term characterized by geopolitical uncertainty.*

Distributable Cash Flow Ramping

Healthy Oil & Gas Fundamentals and M&A Driving Cash Flow Growth

- Eagle Global expects Midstream to grow 2025 distributable cash flow by high single digits to low double digits.

- Robust oil & gas fundamentals:
  - (+) Stable domestic oil & natural gas supply growth
  - (+) Global call on U.S. natural gas production via LNG exports

- Positive pricing tailwinds:
  - (+) Natural gas pipeline & storage re-contracting tailwinds
  - (+) Contract pricing escalators tied to inflation indices (e.g., CPI & PPI)

- Corporate M&A and bolt-on acquisitions:
  - (+) Day 1 accretion
  - (+) Cost & commercial synergies

- Expansion projects coming online

Midstream Growth Is Back

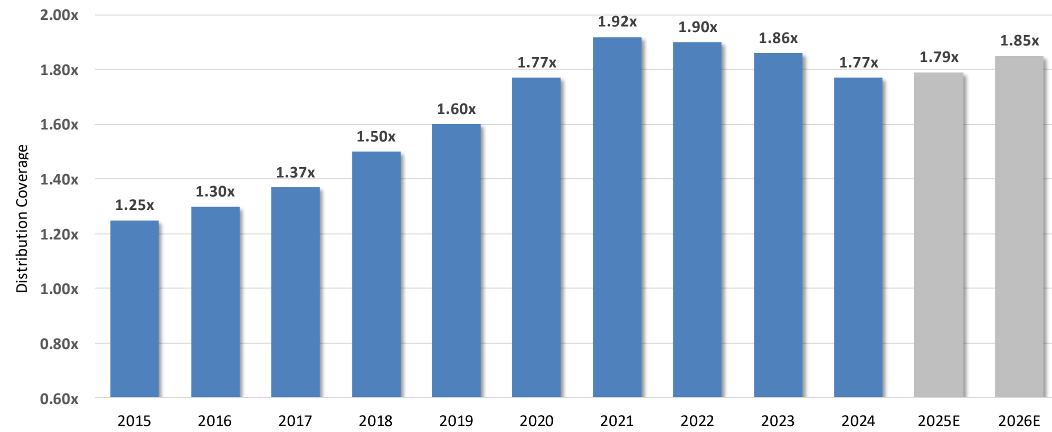
Permian & Natural Gas Megatrends Create Attractive Investment Opportunities

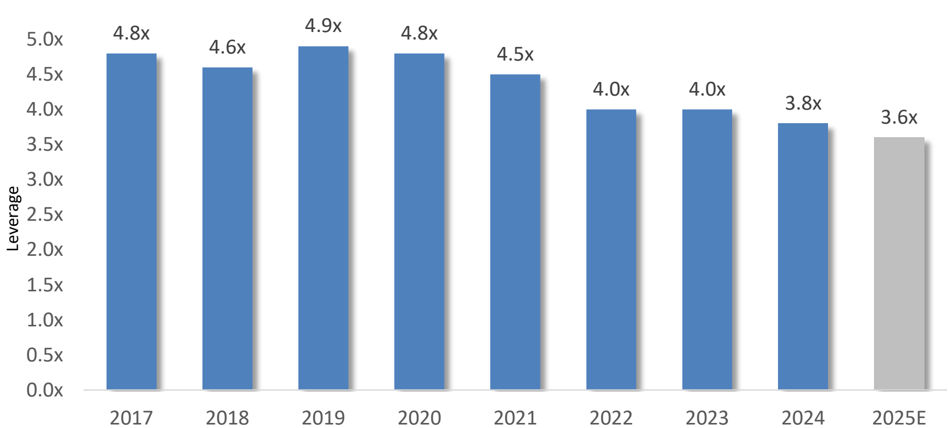
- Permian long-term trends create compelling Midstream investment opportunities
  - G&P expansions (DKL, EPD, ET, KNTK, MPLX, OKE, TRGP)
  - NGL transport, fractionation, and export expansions (EPD, ET, MPLX, OKE, TRGP)
  - Long-haul natural gas takeaway expansions (ENB, ET, KMI, MPLX, OKE)
- Global call on U.S. Natural Gas creates attractive LNG-linked growth opportunities
  - New LNG liquefaction capacity (ET, LNG, NEXT, VG)
  - Natural gas pipeline and storage expansions (DTM, ENB, ET, KMI, TRP, WMB)
- Growing need for natural gas-fired generation ("CCGTs") to support data center demand & supplement intermittent renewables drives additional Midstream investment opportunities
  - Long-haul natural gas pipeline expansions and extensions (DTM, ENB, ET, KMI, MPLX, TRP, WMB)

Conservative Balance Sheets & Distribution Policies

Conservative Balance Sheets & Payout Ratios Facilitate Distribution Growth & Higher Capex

"Utility-like payout ratios" provide the necessary discretionary cash flow to fund increasing dividends & capital expenditures.





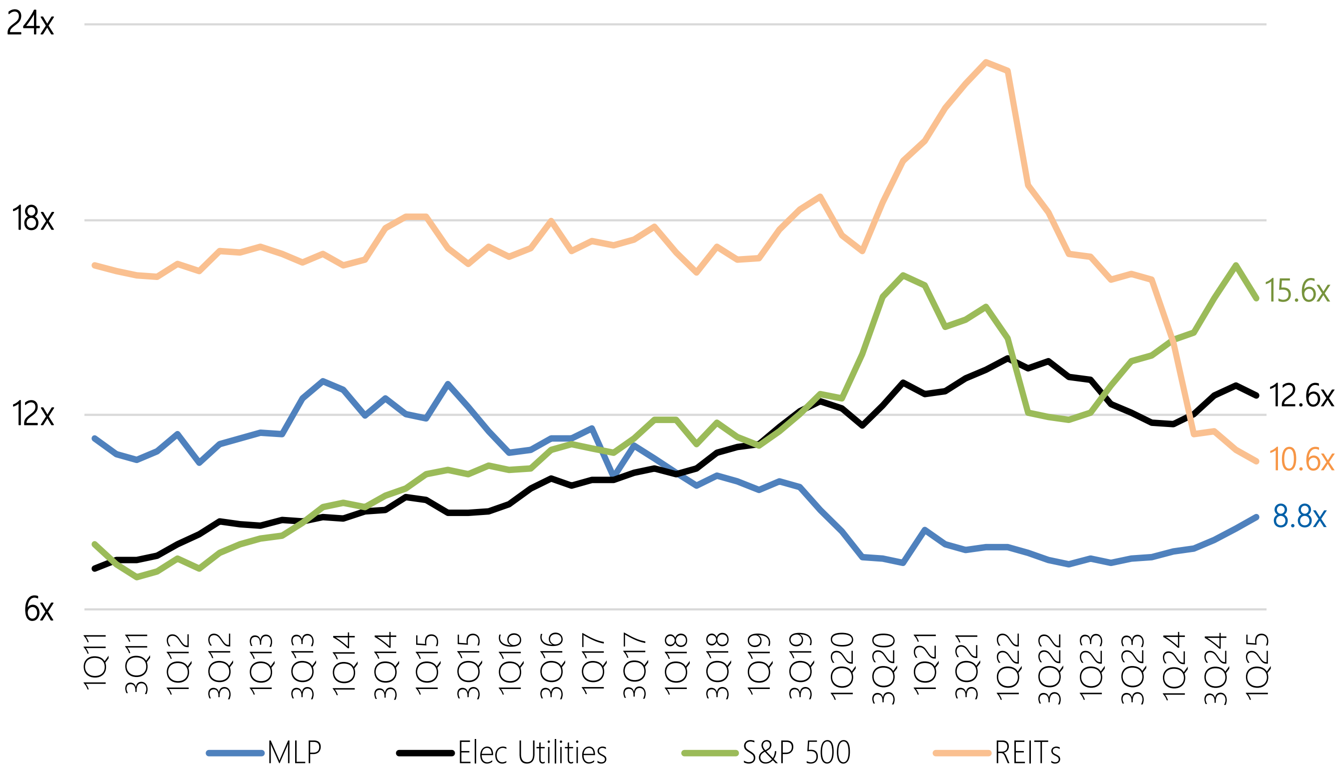
Strong balance sheets position Midstream companies to capitalize on additional growth capital opportunities without issuing equity.

Source: Company reports and Wells Fargo Securities, LLC estimates
Note: Distribution Coverage and Leverage derived from an aggregate calculation.
Data as of March 2025

Attractive MLP Valuations

MLPs Screen Well on a Historical Basis and Relative to Energy & Yield-Oriented Securities

EV/EBITDA Multiples for MLPs, Utilities, S&P 500, REITs
2011 – 2025



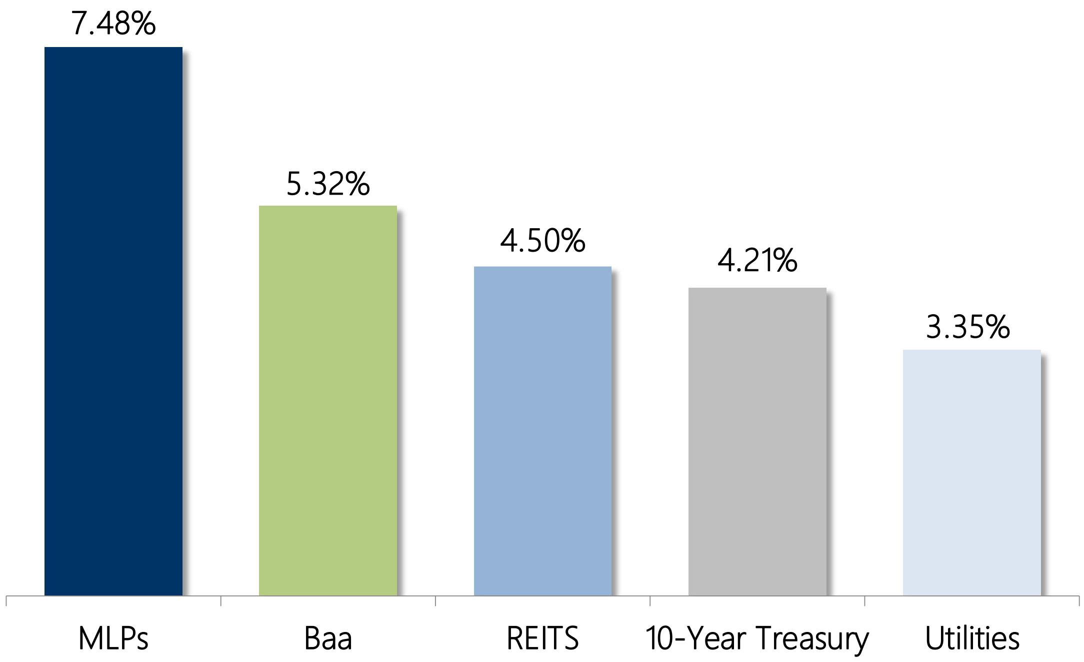
EAGLE GLOBAL ADVISORS

Source: Bloomberg. MLPs are represented by the Alerian MLP Index (AMZ), Electric Utilities are represented by the Philadelphia Utility Index (UTY), S&P 500 is represented by the S&P 500 Index (SPX), REITs are represented by the MSCI US REIT Index (RMZ). Data as of 3/31/2025.

Attractive Current Yield

Midstream Income Superior to Other Yield-Oriented Asset Classes

- MLP yield advantage a core investment attribute.
- Dividends sustainable and growing modestly.
- Current distribution coverage 1.8x versus 1.2x in 2015.



EAGLE GLOBAL ADVISORS

Source: Alerian, NAREIT, Dow Jones, Moody's, U.S. Federal Reserve. MLPs are represented by the Alerian MLP Index (AMZ). Baa is represented by the Moody's seasoned Baa corporate bond index. REITS are represented by the NAREIT Equity REIT total return index. Utilities are represented by the Dow Jones Utility Index. Data as of 3/31/2025.

Portfolio Positioning

- Focus on free cash flow that can be used to increase dividends and fund compelling midstream growth capital opportunities (e.g. LNG, MPLX, PAA).

- Own companies positioned to benefit from rising natural gas demand associated with LNG exports, data center demand and proliferation of natural gas fired generation (e.g. DTM, ET, LNG, WMB).

- Capitalize on Global Energy Security theme by owning companies with energy export infrastructure (e.g. EPD, ET, LNG, MPLX, OKE, TRGP).

- Mitigate inflation risk by owning companies whose contracts are tied to inflation escalators (e.g. MPLX, TRGP).