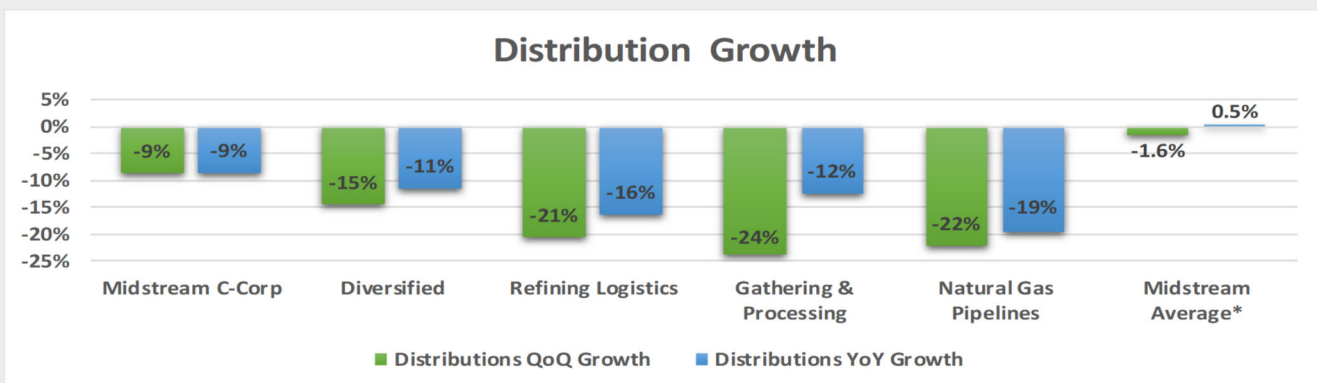
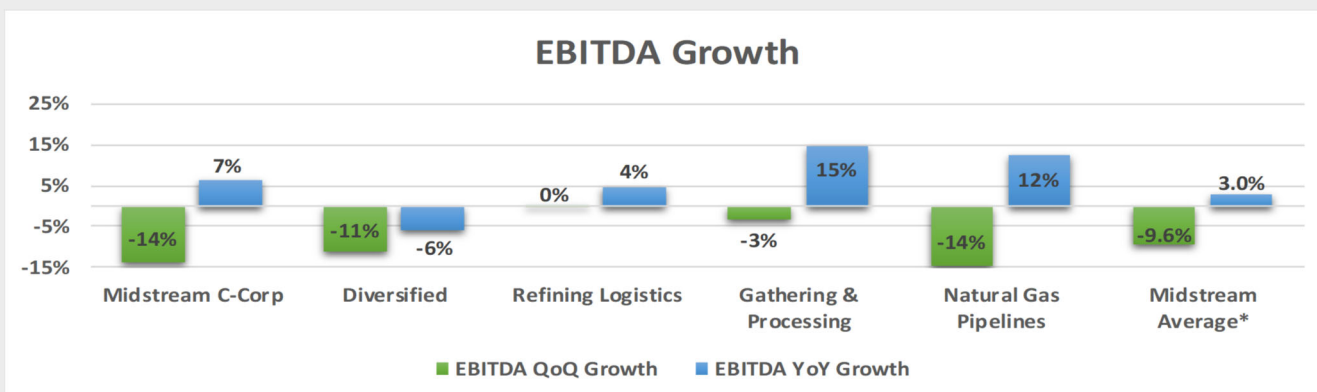


MLP And Midstream - Earnings Review Q2 2020

Mixed Bag of Earnings Results Amidst a Cloudy Outlook

- Midstream companies delivered a range of results with some reaffirming or narrowing their range of expectations, while others were forced to cut expectations that previously anticipated a quicker recovery. Management teams are still projecting impressive free cash flow despite calibrating expectations lower, which will be directed toward more investor friendly de-leveraging. Investor sentiment has calmed as oil prices stabilized and shut-in production was brought back online, though the prospect of OPEC+ returning barrels to the market during Q4 temper the outlook.
- Investors are also pleased to see Midstream capex reduction materializing as until recently it has been mostly talk (“show me the capex reductions!”). Management teams are also starting to indicate incremental reductions on 2021 capex spending. We believe this largesse of free cash flow will begin to raise eyebrows among the generalist community. As an example, TRGP’s efforts to control capital has led to their forecast of ~\$1B of free cash flow generation in 2021.
- PAA and TRGP raised 2020 guidance, while ET, MMP and KMI posted disappointing results. Natural gas-focused WMB beat guidance with stronger NGL pricing driving higher marketing margins. WMB was among many who kept capital efficiency a high priority by reducing capital spending. While ET defended their NGL volumes, their exposure to crude volumes was higher than expected, particularly outside of the Permian Basin. The fate of the Dakota Access Pipeline, which ET controls, is an ongoing uncertainty with a range of outcomes from no shutdown to a prolonged shutdown. At a higher level, regulatory risk remains high, and a potential administration change could keep levels elevated, making it more difficult to build new infrastructure and adding significant value to pre-existing assets (“steel in the ground”).
- Toward the end of earnings season, Midstream benefited from rising natural gas prices and several G&P’s beating earnings expectations as shut-in volumes returned faster than expected, successful cost cutting efforts and improving operational performance. On the other hand, OKE posted significantly worse results than the Street was expecting, though the stock outperformed following a conference call where management allayed most of the investor community’s greatest fears.
- On the M&A front, management teams such as KMI noted their reluctance to enter into transactions unless they are leverage enhancing, which improves balance sheet quality. Over time, it is expected transaction activity will increase as the sector continues to mature and to increase optimization and efficiencies.



* Market Cap Adjusted

EBITDA Growth		
Company	QoQ	YoY
ENBRIDGE INC	-12%	3%
KINDER MORGAN INC	-15%	-14%
CHENIERE ENERGY INC	-12%	63%
ONEOK INC	-24%	-16%
TARGA RESOURCES CORP	-18%	15%
TC ENERGY CORP	-13%	-5%
WILLIAMS COS INC	-2%	0%
Midstream C-Corp	-14%	7%
BP MIDSTREAM PARTNERS	-1%	4%
INTER PIPELINE LTD	-13%	-19%
PEMBINA PIPELINE CORP	-5%	3%
ENTERPRISE PRODUCTS PARTNERS	-1%	-6%
ENERGY TRANSFER LP	-7%	-6%
MAGELLAN MIDSTREAM PARTNERS	-24%	-24%
MPLX LP	-5%	33%
PLAINS ALL AMER PIPELINE LP	-34%	-33%
Diversified	-11%	-6%
DELEK LOGISTICS PARTNERS LP	8%	-16%
HOLLY ENERGY PARTNERS LP	23%	27%
NUSTAR ENERGY LP	-17%	-4%
PBF LOGISTICS LP	4%	33%
PHILLIPS 66 PARTNERS LP	-16%	-16%
SHELL MIDSTREAM PARTNERS LP	-2%	3%
Refining Logistics	0%	4%
CRESTWOOD EQUITY PARTNERS LP	-16%	5%
ANTERO MIDSTREAM CORP	-7%	-2%
CNX MIDSTREAM PARTNERS LP	82%	86%
DCP MIDSTREAM LP	-3%	12%
ENABLE MIDSTREAM PARTNERS LP	-22%	-20%
ENLINK MIDSTREAM LLC	-2%	-2%
HESS MIDSTREAM LP - CLASS A	-12%	38%
NOBLE MIDSTREAM PARTNERS LP	-10%	27%
OASIS MIDSTREAM PARTNERS LP	-14%	11%
RATTLER MIDSTREAM LP	-33%	-10%
WESTERN MIDSTREAM PARTNERS L	0%	19%
Gathering & Processing	-3%	15%
EQUITRANS MIDSTREAM CORP	-30%	-19%
CHENIERE ENERGY PARTNERS LP	7%	45%
TC PIPELINES LP	-20%	11%
Natural Gas Pipelines	-14%	12%
Total *	-9.6%	3.0%

Distribution Growth		
Company	QoQ	YoY
ENBRIDGE INC	10%	10%
KINDER MORGAN INC	5%	5%
CHENIERE ENERGY INC	NA	NA
ONEOK INC	9%	9%
TARGA RESOURCES CORP	-89%	-89%
TC ENERGY CORP	8%	8%
WILLIAMS COS INC	5%	5%
Midstream C-Corp	-9%	-9%
BP MIDSTREAM PARTNERS	0%	11%
INTER PIPELINE LTD	-72%	-72%
PEMBINA PIPELINE CORP	5%	11%
ENTERPRISE PRODUCTS PARTNERS	0%	2%
ENERGY TRANSFER LP	0%	0%
MAGELLAN MIDSTREAM PARTNERS	1%	2%
MPLX LP	0%	5%
PLAINS ALL AMER PIPELINE LP	-50%	-50%
Diversified	-15%	-11%
DELEK LOGISTICS PARTNERS LP	0%	10%
HOLLY ENERGY PARTNERS LP	-48%	-48%
NUSTAR ENERGY LP	-33%	-33%
PBF LOGISTICS LP	-42%	-41%
PHILLIPS 66 PARTNERS LP	0%	4%
SHELL MIDSTREAM PARTNERS LP	0%	11%
Refining Logistics	-21%	-16%
CRESTWOOD EQUITY PARTNERS LP	0%	4%
ANTERO MIDSTREAM CORP	0%	88%
CNX MIDSTREAM PARTNERS LP	21%	34%
DCP MIDSTREAM LP	-50%	-50%
ENABLE MIDSTREAM PARTNERS LP	-50%	-48%
ENLINK MIDSTREAM LLC	-50%	-65%
HESS MIDSTREAM LP - CLASS A	3%	15%
NOBLE MIDSTREAM PARTNERS LP	-73%	-69%
OASIS MIDSTREAM PARTNERS LP	4%	20%
RATTLER MIDSTREAM LP	-15%	-15%
WESTERN MIDSTREAM PARTNERS L	-50%	-49%
Gathering & Processing	-24%	-12%
EQUITRANS MIDSTREAM CORP	-67%	-63%
CHENIERE ENERGY PARTNERS LP	0%	5%
TC PIPELINES LP	0%	0%
Natural Gas Pipelines	-22%	-19%
Total *	-1.6%	0.5%

* Market Cap Adjusted

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