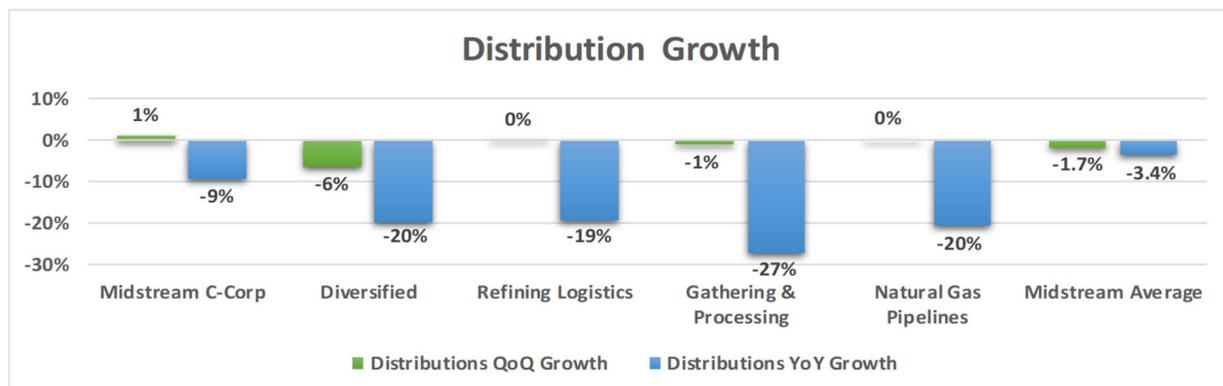
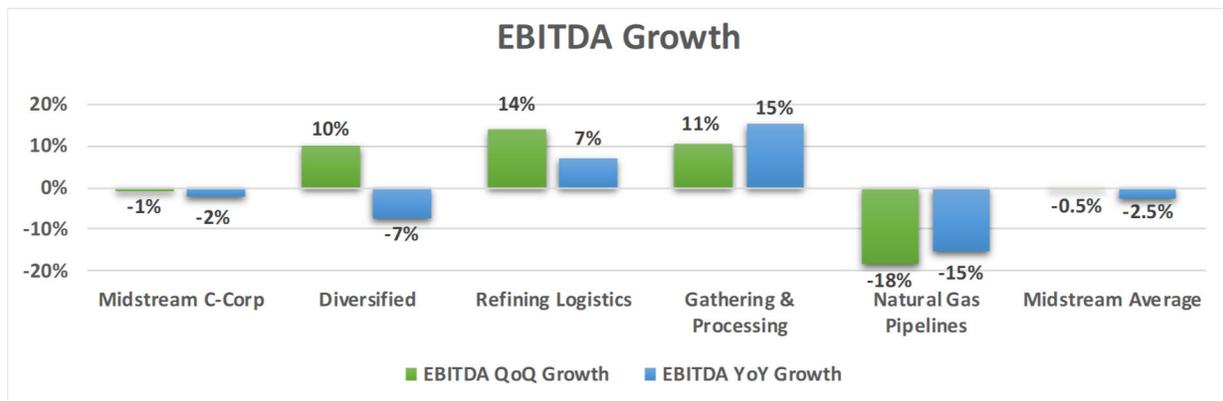


Energy Infrastructure - Earnings Review 3Q 2020

Beats and Share Buybacks Highlight Solid 3Q20 Earnings Season

- Midstream delivered solid 3Q 2020 results as the economy appears to be reopening faster than many were expecting. This recovery combined with the many steps management took during the first half of the year led to a slew of share buyback announcements. In addition to TRGP's pre-earnings announcement, MPLX, PAA, EPD, KMI, MMP, ENLC, RTRL, GEI-CA and WES also joined the "playing to win" share buyback bandwagon. This positive news flow was partially offset by a widely expected distribution cut by ET and surprise cuts from small cap NGL and RTRL, though we highlight RTRL's cut was driven by a desire to implement share buybacks.
- Midstream's participation in the "energy transition" to cleaner fuels was a common earnings call topic. EPD described this trend as more of an "evolution" than a "transition" with a plan to transform existing assets and explore new technologies. The most consistent response and the most critical consideration is project returns. To the extent the returns make sense Midstream will participate, though if they don't the consensus view was to direct excess free cash flow to deleveraging and share buybacks. We note several companies (i.e., ENB, TRP, WMB) have prioritized investing in clean energy for years to different degrees.
- Several large producer (E&P) consolidations (e.g. CVX/NBL, DVN/WPX and COP/CXO) occurred during the third quarter with higher quality producers using their position to bolster their acreage positions in key basins. The key short-term takeaway for Midstream is the improvement in counterparty risk. Contract stability is critical to maintaining confidence in Midstream cash flow streams, which underpins the share buyback trend detailed above. Several analysts asked if this consolidation trend would extend into Midstream, though the consensus view is anti-trust issues and a wide disconnect in bid/ask spreads makes Midstream consolidation unlikely in the next 6-12 months.
- By sector, natural gas levered names such as KMI delivered strong results as shut-in volumes returned faster than expected. Liquids' names like PAA and MMP delivered solid results demonstrating recovery in the transport of crude oil and refined products (respectively). MPLX also beat estimates and authorized a share buy-back program as they continue to work towards their goal of being free cash flow positive after capex and distributions. While natural gas gathering & processing (G&P) stocks reported healthy results, they're more hesitant to provide forward guidance given the still large amount of uncertainty that exists for companies closer to the wellhead. Meanwhile, in Canada tighter spreads hindered marketing opportunities during the third quarter, though ratable businesses continued to deliver steady results.



* Market Cap Adjusted

EBITDA Growth		
Company	QoQ	YoY
ENBRIDGE INC	-10%	-4%
KINDER MORGAN INC	9%	-7%
CHENIERE ENERGY INC	-71%	-40%
ONEOK INC	40%	15%
TARGA RESOURCES CORP	19%	20%
TC ENERGY CORP	4%	0%
WILLIAMS COS INC	2%	-1%
Midstream C-Corp	-1%	-2%
BP MIDSTREAM PARTNERS	-2%	-67%
INTER PIPELINE LTD	4%	3%
PEMBINA PIPELINE CORP	1%	8%
ENTERPRISE PRODUCTS PARTNERS	5%	2%
ENERGY TRANSFER LP	18%	10%
MAGELLAN MIDSTREAM PARTNERS	17%	-12%
MPLX LP	9%	5%
PLAINS ALL AMER PIPELINE LP	30%	-7%
Diversified	10%	-7%
DELEK LOGISTICS PARTNERS LP	81%	32%
HOLLY ENERGY PARTNERS LP	-23%	-4%
NUSTAR ENERGY LP	11%	7%
PBF LOGISTICS LP	1%	9%
PHILLIPS 66 PARTNERS LP	16%	-3%
SHELL MIDSTREAM PARTNERS LP	-1%	3%
Refining Logistics	14%	7%
CRESTWOOD EQUITY PARTNERS LP	6%	-3%
ANTERO MIDSTREAM CORP	14%	5%
DCP MIDSTREAM LP	6%	10%
ENABLE MIDSTREAM PARTNERS LP	2%	-22%
ENLINK MIDSTREAM LLC	3%	0%
HESS MIDSTREAM LP - CLASS A	5%	33%
NOBLE MIDSTREAM PARTNERS LP	-6%	62%
OASIS MIDSTREAM PARTNERS LP	43%	36%
RATTLER MIDSTREAM LP	32%	6%
WESTERN MIDSTREAM PARTNERS L	1%	26%
Gathering & Processing	11%	15%
EQUITRANS MIDSTREAM CORP	6%	-16%
CHENIERE ENERGY PARTNERS LP	-67%	-47%
TC PIPELINES LP	6%	17%
Natural Gas Pipelines	-18%	-15%
Total *	-0.5%	-2.5%

Distribution Growth		
Company	QoQ	YoY
ENBRIDGE INC	0%	10%
KINDER MORGAN INC	0%	5%
CHENIERE ENERGY INC	NA	NA
ONEOK INC	1%	6%
TARGA RESOURCES CORP	0%	-89%
TC ENERGY CORP	0%	8%
WILLIAMS COS INC	5%	5%
Midstream C-Corp	1%	-9%
BP MIDSTREAM PARTNERS	0%	7%
INTER PIPELINE LTD	0%	-72%
PEMBINA PIPELINE CORP	0%	5%
ENTERPRISE PRODUCTS PARTNERS	0%	1%
ENERGY TRANSFER LP	-50%	-50%
MAGELLAN MIDSTREAM PARTNERS	0%	1%
MPLX LP	0%	1%
PLAINS ALL AMER PIPELINE LP	0%	-50%
Diversified	-6%	-20%
DELEK LOGISTICS PARTNERS LP	1%	3%
HOLLY ENERGY PARTNERS LP	0%	-48%
NUSTAR ENERGY LP	0%	-33%
PBF LOGISTICS LP	0%	-42%
PHILLIPS 66 PARTNERS LP	0%	1%
SHELL MIDSTREAM PARTNERS LP	0%	3%
Refining Logistics	0%	-19%
CRESTWOOD EQUITY PARTNERS LP	0%	4%
ANTERO MIDSTREAM CORP	0%	0%
DCP MIDSTREAM LP	0%	-50%
ENABLE MIDSTREAM PARTNERS LP	0%	-50%
ENLINK MIDSTREAM LLC	0%	-65%
HESS MIDSTREAM LP - CLASS A	1%	7%
NOBLE MIDSTREAM PARTNERS LP	0%	-72%
OASIS MIDSTREAM PARTNERS LP	4%	20%
RATTLER MIDSTREAM LP	-15%	-15%
WESTERN MIDSTREAM PARTNERS L	0%	-50%
Gathering & Processing	-1%	-27%
EQUITRANS MIDSTREAM CORP	0%	-67%
CHENIERE ENERGY PARTNERS LP	0%	6%
TC PIPELINES LP	0%	0%
Natural Gas Pipelines	0%	-20%
Total *	-1.7%	-3.4%

* Market Cap Adjusted

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