

# Enterprise Products Partners L.P. (NYSE: EPD)

## Sector: Energy

Target Price	Current Price	52 Week High	52 Week Low	P/E	Market Cap.	Dividend Yield
\$24.99	\$18.15	\$29.22	\$10.27	8.86	\$39.62B	9.81%

### Investment Thesis

EPD is positioned to grow due to its diverse portfolio of operations, strategic usage of its current assets, and its entrance into innovative technologies and commodities. With over 50,000 miles of pipelines, and tentacles in multiple commodity markets, EPD will be a first choice for NGL and other commodity producers for years to come. Additionally, although the company continues to build new projects, EPD has been able to take advantage of assets already in service in order to capitalize on the influx in volumes, for example within the Permian Basin. Finally, placing an emphasis on LPG and petrochemical products will allow EPD to expand its horizons all the while helping emerging markets in their quest for societal development.

### Business Description

EPD is a publicly traded Delaware limited partnership, the common units of which are listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “EPD.” EPD was formed in April 1998 to own and operate certain natural gas liquids (“NGLs”) related businesses of EPCO and are a leading North American provider of midstream energy services to producers and consumers of natural gas, NGLs, crude oil, petrochemicals and refined products. Their midstream energy operations currently include: natural gas gathering, treating, processing, transportation and storage; NGL transportation, fractionation, storage, and export and import terminals (including those used to export liquefied petroleum gases, or “LPG,” and ethane); crude oil gathering, transportation, storage, and export and import terminals; petrochemical and refined products transportation, storage, export and import terminals, and related services; and a marine transportation business that operates primarily on the United States (“U.S.”) inland and Intracoastal Waterway systems. Their assets currently include approximately 50,000 miles of pipelines; 260 MMBbls of storage capacity for NGLs, crude oil, petrochemicals, and refined products; and 14 Bcf of natural gas storage capacity.

### Industry Trends

The industry is in the midst of a transition that began as commodity prices began falling in 2014. The strongest players have practiced financial discipline and laid the groundwork for future growth, while the weaker players have struggled to continue paying distributions (leading some to restructure in order to survive). EPD has shown a best-in-class ability to operate in these conditions by continuing to increase its distribution while maintaining a superior, investment grade credit rating and executing on its growth projects.

### Risks

- Accidents along its extensive network
- Deterioration in commodity demand
- Political action against energy emancipation

### Valuation Assumptions

Terminal Value Assumptions	
Discount Rate	9.00%
Perpetuity Growth Rate	2.50%
Terminal Value	110,742

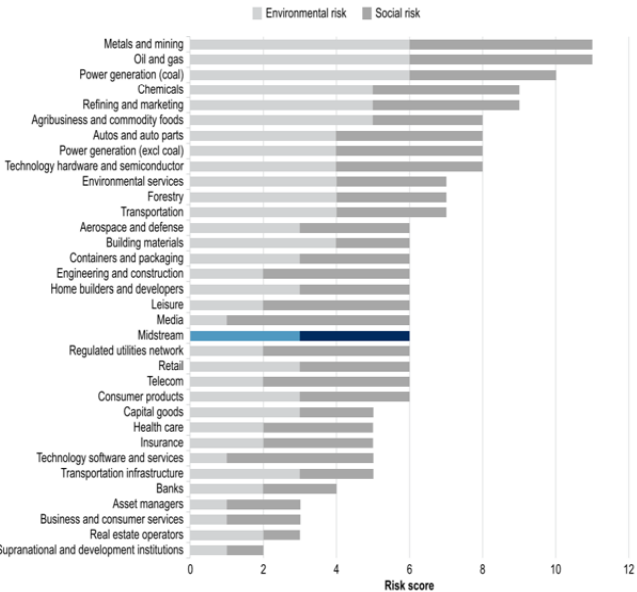
Implied Value	
PV Terminal Value	60,580
PV Cash Flows	23,280
Enterprise Value	83,859
Less: Debt	30,146
Add: Cash+Markt Sec.	1,298
Equity Value	55,011
Limited Partner Units Outstanding	2,201
Implied Share Price	24.99
Current Share Price	16.57
Margin of Safety	51%

		Sensitivity Analysis				
		Discount Rate				
		7.00%	8.00%	9.00%	10.00%	11.00%
Growth Rate	1.50%	34.89	26.91	21.09	16.67	13.21
	2.00%	38.76	29.49	22.90	18.00	14.21
	2.50%	43.48	32.53	24.99	19.50	15.32
	3.00%	49.39	36.19	27.43	21.21	16.58
	3.50%	56.98	40.66	30.32	23.19	18.00

### Corporate Social Responsibility/ESG

- EPD harnesses solar-sourced power and continues to expand its facilities
- EPD 31.82 vs. Industry Average of 29.13
- EPD’s board is 54% independent with 11 total members
- YoY decline in total CO2 emissions – 19% improvement over last decade

- LPG Exports can eliminate 20 million metric tons of CO2 emissions compared to coal



Source: S&P Global Ratings.

### 5-Year Stock Performance

