



Insights at a Glance: Midstream/MLP Buyback Update

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Since proliferating the midstream/MLP space in the second half of 2020, buyback programs have provided a tailwind not seen in past recoveries. Spurred by strong cash flow generation, midstream management teams are incorporating buybacks into their capital allocation mix to support equity performance and return value to shareholders beyond generous payouts. Today's note provides an update to Alerian's [March](#) piece on midstream buybacks with total capital spent on share repurchases through the first quarter of 2021 by company and index-level perspective.

Since our last note, [Crestwood Equity Partners LP \(CEQP\)](#) [formally announced](#) a repurchase program. With the addition of CEQP, the table below now includes 16 midstream MLPs and corporations with buyback authorizations.

Buyback activity moderates in 1Q21 but remains an important capital allocation priority.

Despite a growing number of authorizations, repurchase activity in 1Q21 slowed to a combined \$182 million following the \$322 million spent on repurchases in 4Q20. Only [MPLX \(MPLX\)](#), [Western Midstream Partners \(WES\)](#), and [Rattler Midstream \(RTLRL\)](#) deployed buybacks in 1Q21, while other companies took a standby approach to balance capital allocation priorities and/or wait for better opportunities to deploy buybacks.

Company Name	Ticker	AMNA Weight	AMZI Weight	AMEI Weight	AEDW Weight	Total Authorization (\$ millions)	Spent to Date Through 03/31/21 (\$ millions)	Date Announced
Antero Midstream Corporation	AM	0.9%	--	2.5%	2.2%	300	150	8/12/2019
Crestwood Equity Partners LP	CEQP	0.4%	3.6%	0.4%	0.7%	175	--	3/25/2021
Cheniere Energy	LNG	6.4%	--	5.3%	--	1,000	404	6/3/2019
Energy Transfer LP	ET	6.8%	11.2%	5.7%	6.8%	2,000	1,089	2/18/2015
EnLink Midstream LLC	ENLC	0.4%	3.1%	1.1%	0.7%	100	1	11/4/2020
Enterprise Products Partners LP	EPD	9.4%	9.6%	8.7%	9.5%	2,000	312	1/31/2019
Gibson Energy Inc ¹	GEI CN	0.9%	--	2.4%	0.6%	281	19	8/27/2020
Kinder Morgan Inc	KMI	10.4%	--	5.7%	8.8%	2,000	575	7/19/2017
Magellan Midstream Partners LP	MMP	3.3%	10.4%	2.9%	3.4%	750	277	1/21/2020
MPLX LP	MPLX	3.3%	10.3%	3.0%	10.1%	1,000	188	11/2/2020
NGL Energy Partners LP	NGL	0.1%	--	0.1%	--	150	--	8/30/2019
Pembina Pipeline Corp ²	PPL CN	5.3%	--	4.9%	4.1%	1,074	--	12/14/2020
Plains All American Pipeline LP ³	PAA	2.0%	10.4%	5.2%	2.5%	500	50	11/2/2020
Rattler Midstream LP	RTLRL	0.1%	--	0.4%	--	100	26	11/4/2020
Targa Resources Corp	TRGP	2.6%	--	5.2%	0.4%	500	92	10/5/2020
Western Midstream Partners LP	WES	1.2%	9.6%	1.1%	1.8%	250	49	11/9/2020
Total		53.5%	68.2%	54.7%	51.6%			

Index weightings as of 5/28/2021.

¹ GEI's authorization is to repurchase and cancel up to 10% of public float as of 8/24/2020. The dollar amount shown reflects the share price as of 5/28/2021.

² PPL's authorization is to repurchase up to 5% of outstanding common shares as of 2/16/2021. The dollar amount shown reflects the share price as of 5/28/2021. Purchases were able to begin on March 2, 2021.

³ PAA's weighting in AMNA and AEDW represents the combined weighting of PAA and Plains GP Holdings (PAGP). Weighting in AMEI represents the weighting of PAGP.

Source: Alerian, Company Reports as of 5/28/2021

While management teams differ on how and when to incorporate buybacks into their capital allocation objectives, repurchases remain a priority for most. Companies like [Plains All American](#) (PAA), [Magellan Midstream Partners](#) (MMP), and [Kinder Morgan](#) (KMI) reiterated plans—or the optionality—to repurchase shares in 2H21, either opportunistically, or as a percentage of excess cashflow after distributions ([read more here](#)). For other companies share buybacks remain a potential capital allocation objective second only to deleveraging. [Energy Transfer](#) (ET) management [indicated](#) on their 1Q21 conference call they would look to return additional capital to unitholders in the form of buybacks and/or distribution increases upon reaching their leverage target. Similarly, on their 1Q21 earnings call, CEQP management alluded to [potentially capitalizing](#) on the recently authorized buyback program once they reach their long-term leverage target.

For index-level perspective, the table includes company weightings in the [Alerian Midstream Energy Index](#) (AMNA), the [Alerian MLP Infrastructure Index](#) (AMZI), the [Alerian Midstream Energy Select Index](#) (AMEI), and the [Alerian Midstream Energy Dividend Index](#) (AEDW) as applicable. The AMZI, the only MLP index shown, has the largest weighting to companies with buyback authorizations at 68.2%, reflecting the widespread adoption of buyback programs by large MLPs. For the other three indexes, which include both MLPs and US and Canadian corporations, constituents with buyback programs represent roughly half of the indexes by weighting.

AMNA is the underlying index for the ETRACS Alerian Midstream Energy Index ETN (AMNA). AMZI is the underlying index for the Alerian MLP ETF (AMLPE) and the ETRACS Alerian MLP Infrastructure Index ETN Series B (AMUB). AMEI is the underlying index for the Alerian Energy Infrastructure ETF (ENFR). AEDW is the underlying index for the ETRACS Alerian Midstream Energy High Dividend Index ETN (AMND) and the Alerian Midstream Energy Dividend UCITS ETF (MMLP).

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