



Insights at a Glance: July 2Q21 Quick Earnings Recap

August 3, 2021

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Summary

- With only about a quarter of the Midstream/MLP universe reporting 2Q21 earnings so far, most results have been in line or slightly above consensus estimates
- Outlook for 2021 guidance has been positive—those that offer adjusted EBITDA guidance have either raised or maintained that guidance.
- Distributions largely held steady so far this quarter, with a few names raising their distributions and one cut.

Midstream/MLP 2Q21 earnings season kicked off in late July, with most companies reporting earnings by mid-August. So far, approximately a quarter of the universe has reported earnings results—below are some quick takeaways from earnings results in July:

Earnings results mostly beat analyst expectations, but no significant surprises.

Most companies reported an earnings beat relative to Street consensus; however, many are only slightly above expected results. The largest beat was [Shell Midstream Partners](#) (SHLX), which was 9.5% higher than consensus.

Distributions mostly stable.

Out of the ten companies that reported earnings in July, eight companies maintained their distributions on a sequential basis. [Hess Midstream](#) (HESM) raised its distribution by 10% (it's also worth noting that it announced a significant \$750 million share repurchase from its sponsors this quarter). SHLX cut its distribution by 35%, which was partially attributed to challenges from the Colonial FERC rate case and preferred units becoming eligible for conversion in 2022.

Outlook generally positive—2021 adjusted EBITDA guidance either raised or maintained.

[Kinder Morgan](#) (KMI) and HESM raised their FY2021 adjusted EBITDA guidance (both citing improved volumes), while [Enbridge](#) (ENB) and [Magellan Midstream Partners](#) (MMP) maintained their guidance. [Crestwood Equity Partners](#) (CEQP) was the only company to cut FY2021 adjusted EBITDA guidance by \$15 million from the midpoint of the previous guidance range; however, this was actually a guidance raise as the company also adjusted out \$30 million in 2H21 for the Stagecoach divestiture to KMI.

Bottom line:

Although earnings results were largely neutral given that most companies posted only a slight beat, 2021 guidance has so far been positive. Most companies that provide outlook on adjusted EBITDA or distributable cash flow have either maintained or raised their guidance. With another 15 companies reporting earnings this week, the overall midstream/MLP landscape should grow clearer.

2Q21 Earnings Summary Table as of July 30, 2021

| Ticker | Company Name | 2Q21 Adjusted EBITDA | 2Q21 Street Consensus | % Beat/Miss Relative to Consensus | Dividend/Share | Sequential change | DCF Coverage Ratio |
|--------|--------------------------------|----------------------|-----------------------|-----------------------------------|----------------|-------------------|--------------------|
| KMI | Kinder Morgan Inc | \$1,670 | \$1,609 | 3.8% | \$0.270 | Maintain | 1.7x |
| TRP CN | TC Energy Corporation | CAD 2,246 | CAD 2,264 | -0.8% | CAD 0.870 | Maintain | 1.4x |
| ENB CN | Enbridge Inc | CAD 3,302 | CAD 3,264 | 1.2% | CAD 0.835 | Maintain | 1.5x |
| EPD | Enterprise Product Partners LP | \$2,008 | \$2,007 | 0.0% | \$0.450 | Maintain | 1.6x |
| MMP | Magellan Midstream Partners | \$336 | \$329 | 2.1% | \$1.028 | Maintain | 1.2x |
| AM | Antero Midstream Corp | \$225 | \$216 | 4.2% | \$0.225 | Maintain | 1.3x |
| SHLX | Shell Midstream Partners LP | \$207 | \$189 | 9.5% | \$0.300 | Decrease | 1.6x |
| CEQP | Crestwood Equity Partners LP | \$146 | \$144 | 1.4% | \$0.625 | Maintain | 2.2x |
| PBFX | PBF Logistics LP | \$60 | \$56 | 7.7% | \$0.300 | Maintain | 2.6x |
| HESM | Hess Midstream LP | \$230 | \$219 | 5.0% | \$0.504 | Increase | 1.5x |

All data as of July 30, 2021
Source: Alerian and S-Network Global Indexes, Bloomberg, Company data

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