

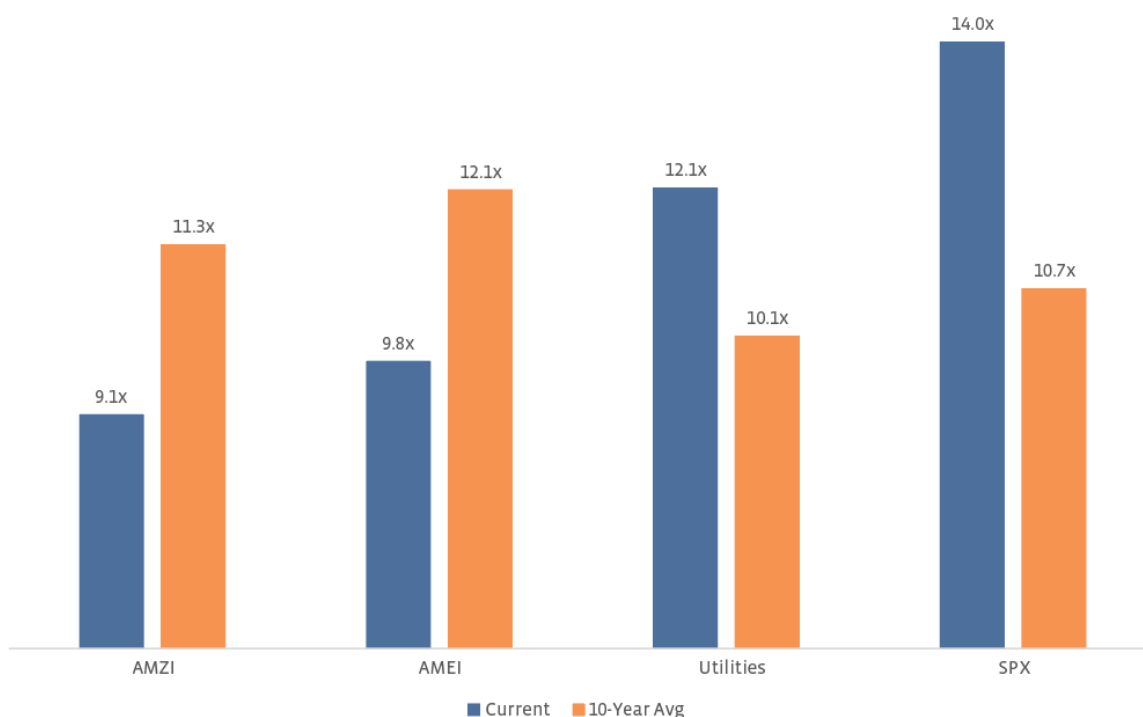


Insights at a Glance: Midstream/MLP Valuation Update

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Author: Mauricio Samaniego

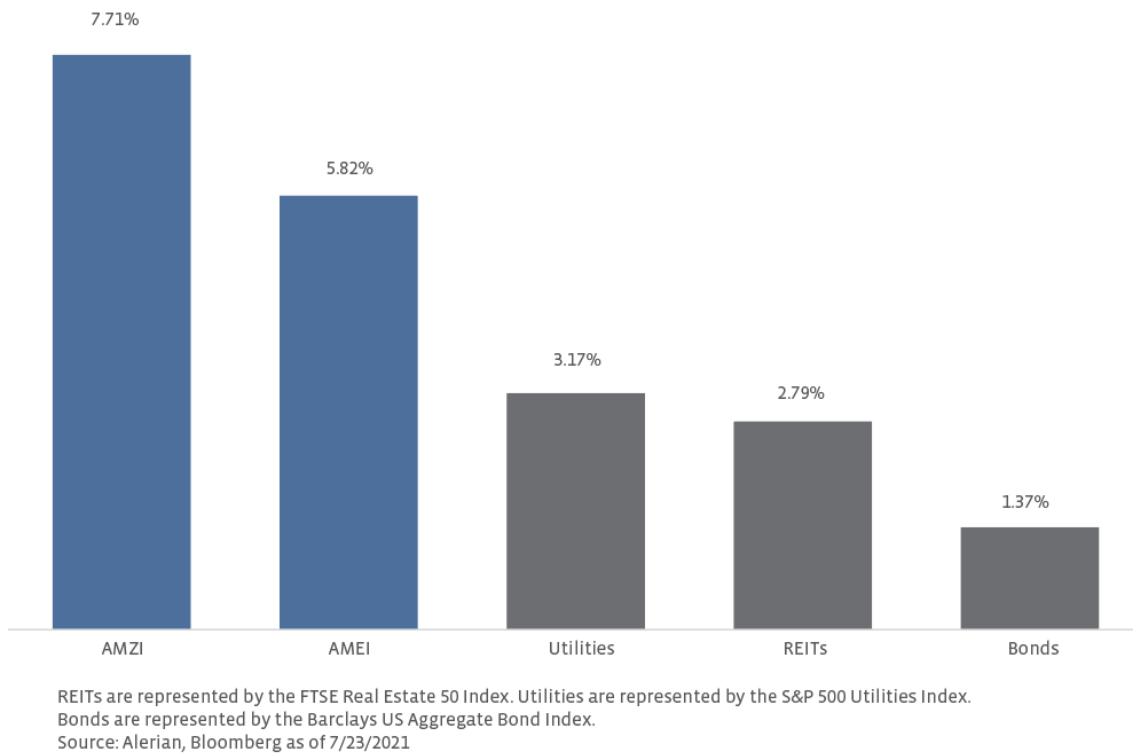
With earnings season in full gear and broad equity markets reaching record levels, we revisit valuation and put into context the relative value midstream offers during the ongoing economic recovery. The chart below compares current EV/EBITDA valuations for midstream, MLPs, the S&P 500, and utilities relative to their ten-year averages. As of last Friday, the [Alerian MLP Infrastructure Index \(AMZI\)](#) and the [Alerian Midstream Energy Select Index \(AMEI\)](#) were trading at a significant discount relative to both their historical average and current valuations across the utilities sector and the broad market.



Forward EV/EBITDA is based on Bloomberg 2022 consensus EBITDA estimates.
AMEI's historical average EV/EBITDA is since inception on 4/1/2013.
Source: Alerian, Bloomberg as of 7/23/2021

Discounted valuations complement midstream's attractive income amid an expensive market where yield is becoming more scarce. While the midstream space has become more focused on total return by self-funding equity capital and enhancing financial flexibility to reduce debt, it continues to offer attractive income in a market where yields continue their downward slide (10-year treasury yields hit a new five-month low last week). As seen in the chart on the following page, the AMZI and AMEI are yielding significantly above other income-oriented assets.

Midstream Yields Above Other Income-Oriented Sectors



Midstream companies remain well-positioned to continue benefiting from the economic recovery and a much-improved commodity environment, adding confidence to the reliability of midstream income. Notably, valuations reflect there could be more upside as a supportive macro backdrop and stronger fundamentals that have contributed to equity performance—such as free cash flow generation, debt reduction, and buybacks—look set to continue.

AMZI is the underlying index for the Alerian MLP ETF (AMLP) and the ETRACS Alerian MLP Infrastructure Index ETN Series B (MLPB). AMEI is the underlying index for the Alerian Energy Infrastructure ETF (ENFR).

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Alerian
alerman.com
info@alerman.com | 972.957.7700
3625 N. Hall St., Suite 1200, Dallas, TX 75219

S-Network Global Indexes
snetworkglobalindexes.com
info@snetworkinc.com | 646.467.7928
267 Fifth Avenue, Suite 508, New York, NY, 10016