



# Enterprise Products Partners (EPD)

Updated May 7<sup>th</sup>, 2025 by Samuel Smith

## Key Metrics

<b>Current Price:</b>	\$30.3	<b>5 Year CAGR Estimate:</b>	12.9%	<b>Market Cap:</b>	\$67 B
<b>Fair Value Price:</b>	\$34.5	<b>5 Year Growth Estimate:</b>	4.6%	<b>Ex-Dividend Date:</b>	7/31/25 <sup>1</sup>
<b>% Fair Value:</b>	88%	<b>5 Year Valuation Multiple Estimate:</b>	2.6%	<b>Dividend Payment Date:</b>	8/14/25 <sup>2</sup>
<b>Dividend Yield:</b>	7.1%	<b>5 Year Price Target</b>	\$43	<b>Years Of Dividend Growth:</b>	27
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Energy	<b>Rating:</b>	Hold

## Overview & Current Events

Enterprise Products Partners was founded in 1968. It is structured as a Master Limited Partnership, or MLP, and operates as an oil and gas storage and transportation company. Enterprise Products has a tremendous asset base which consists of nearly 50,000 miles of natural gas, natural gas liquids, crude oil, and refined products pipelines. It also has storage capacity of more than 250 million barrels. These assets collect fees based on materials transported and stored.

On April 29, 2025, Enterprise Products Partners L.P. reported its financial results for the first quarter of 2025. The company posted a net income attributable to common unitholders of \$1.4 billion, or \$0.64 per diluted unit, compared to \$1.5 billion, or \$0.66 per unit, in the same quarter of 2024. Distributable cash flow (DCF) increased by 5% year-over-year to \$2.0 billion, providing 1.7 times coverage of the declared distribution and allowing the partnership to retain \$842 million for reinvestment. Adjusted EBITDA remained strong at \$2.4 billion, reflecting consistent operational performance. The company declared a quarterly distribution of \$0.535 per common unit, a 3.9% increase from the previous year. Enterprise reported record natural gas processing volumes of 7.7 billion cubic feet per day and record natural gas pipeline volumes of 20.3 trillion Btus per day. The NGL Pipelines & Services segment achieved a gross operating margin of \$1.4 billion, driven by higher processing volumes and equity NGL-equivalent production. Conversely, the Petrochemical & Refined Products Services segment experienced a decline in gross operating margin to \$315 million, primarily due to lower average sales margins and deficiency revenues in the octane enhancement business. Total capital investments for the quarter were \$1.1 billion, including \$960 million for growth capital projects and \$102 million for sustaining capital expenditures. The company also repurchased approximately \$60 million of its common units on the open market during the quarter. Looking ahead, Enterprise has several major organic growth projects scheduled for completion in 2025, including two natural gas processing plants in the Permian Basin, an NGL fractionator in Mont Belvieu, and the first phase of an NGL export facility on the Neches River. The company also plans enhancements at its Morgan's Point marine terminal on the Houston Ship Channel. Management expressed confidence in the company's ability to leverage Permian-driven volume growth and consistent energy demand to support its growth trajectory and meet the strong global demand for U.S. hydrocarbons.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>DCF/S</b>	\$2.52	\$2.45	\$2.56	\$3.30	\$3.43	\$2.91	\$3.00	\$3.52	\$3.46	\$3.58	<b>\$3.83</b>	<b>\$4.80</b>
<b>DPS</b>	\$1.51	\$1.59	\$1.67	\$1.71	\$1.76	\$1.79	\$1.80	\$1.90	\$2.01	\$2.10	<b>\$2.14</b>	<b>\$2.75</b>
<b>Units<sup>3</sup></b>	2019.3	2118.9	2161.1	2184.9	2189.2	2181.6	2176.4	2170.8	2168.2	2167.6	<b>2167.6</b>	<b>2000</b>

In this report, DCF-per-unit is used instead of earnings-per-share, since DCF is a more accurate measure of cash flow for an MLP. Enterprise has positive growth potential moving forward, thanks to new projects and exports. It has several billion dollars' worth of major capital projects currently under construction. They expect all of these projects to come

<sup>1</sup> Estimate

<sup>2</sup> Estimate

<sup>3</sup> Shares in millions

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online in the coming years, boosting cash flows. Exports are also a key growth catalyst. Demand for liquefied petroleum gas and liquefied natural gas, or LPG and LNG respectively, is growing at a high rate across the world, particularly in Asia. That said, the world is also moving rapidly towards renewable energy and the pipeline industry is facing political and regulatory pressures right now, limiting new growth project opportunities. As a result, we expect mid-single-digit annualized DCF-per-unit growth through 2030. Unit buybacks and deleveraging will likely be tailwinds for growth.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/DCF	13.3	10.2	11.1	10.4	7.2	7.0	6.5	7.4	8.0	8.5	7.9	9.0
Avg. Yld.	4.6%	4.9%	6.4%	4.7%	4.9%	8.5%	8.6%	8.3%	7.9%	7.3%	7.1%	6.4%

We believe that EPD's fair value multiple is 9 times DCF. As a result, Enterprise Products appears to be slightly undervalued today. As a result, we expect the multiple to slightly increase over the next five years.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

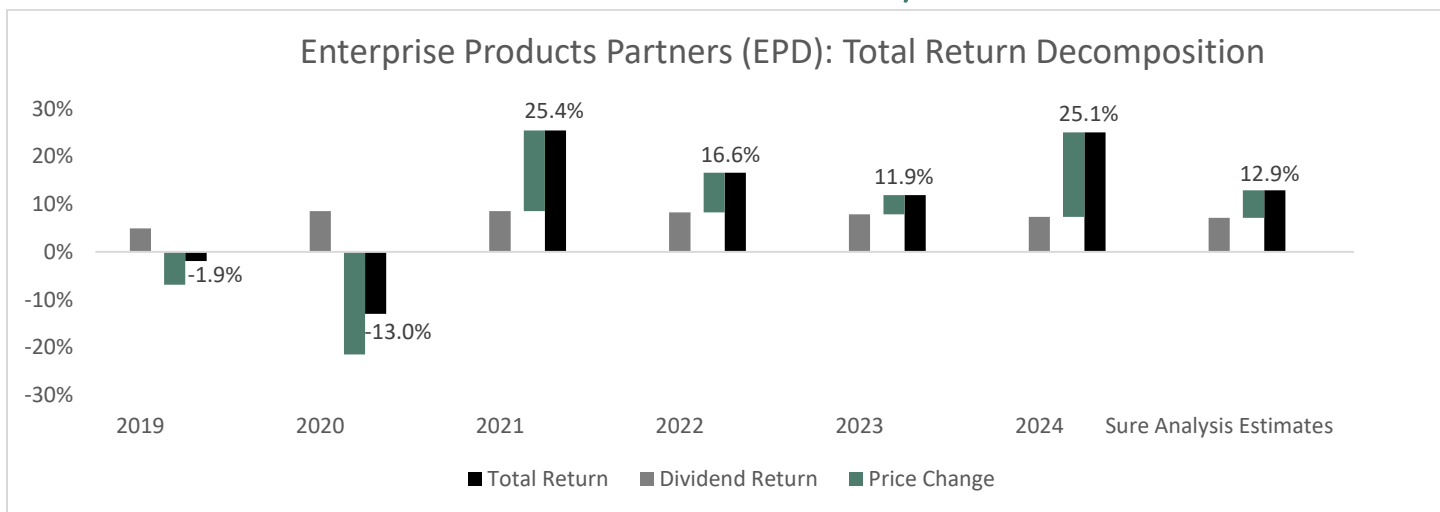
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	60%	65%	65%	52%	51%	62%	60%	54%	58%	59%	56%	57%

In terms of safety, Enterprise Products Partners is one of the strongest midstream MLPs. It has credit ratings of BBB+ from Standard & Poor's and Baa1 from Moody's, which are higher ratings than most MLPs. It also has a distribution coverage ratio of nearly 2x, leaving room for distribution increases and unit repurchases. Enterprise Products' high-quality assets generate strong cash flow, even in recessions. As a result, Enterprise Products has been able to raise its distribution to unitholders for 27 years in a row. Enterprise Products has tremendous competitive advantages, primarily its vast network of assets. It would be enormously costly to build out a network of pipelines and terminals large enough to compete with Enterprise Products.

## Final Thoughts & Recommendation

Enterprise Products has an excellent network of assets and durable competitive advantages. In addition, its cash flow has remained fairly stable through the sharp energy market volatility over the past half-decade. Enterprise Products has a 7.1% current distribution yield, which is a highly attractive yield for income investors. We believe Enterprise Products can generate total returns of 12.9% annualized over the next half decade, and when combined with its relative lackluster distribution growth outlook, we rate it a Hold.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	27,028	23,022	29,242	36,534	32,789	27,200	40,807	58,186	49,715	56,219
Gross Profit	3,359	3,379	3,684	5,137	5,727	4,829	5,730	6,684	6,698	7,174
Gross Margin	12.4%	14.7%	12.6%	14.1%	17.5%	17.8%	14.0%	11.5%	13.5%	15.7%
SG&A Expense	193	160	181	208	212	220	209	241	231	244
D&A Expense	1,516	1,552	1,644	1,792	1,949	2,072	2,113	1,974	2,072	2,194
Operating Profit	3,167	3,219	3,503	4,929	5,516	4,609	5,520	6,443	6,467	6,930
Op. Margin	11.7%	14.0%	12.0%	13.5%	16.8%	16.9%	13.5%	11.1%	13.0%	15.2%
Net Profit	2,521	2,513	2,799	4,172	4,591	3,776	4,638	5,490	5,532	5,901
Net Margin	9.3%	10.9%	9.6%	11.4%	14.0%	13.9%	11.4%	9.4%	11.1%	12.9%
Free Cash Flow	172	1,083	1,565	1,903	1,989	2,604	6,289	6,075	4,303	3,571
Income Tax	-3	23	26	60	46	-124	70	82	44	65

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	48,802	52,194	54,418	56,970	61,733	64,107	67,526	68,108	70,982	77,168
Cash & Equivalents	19	63	5	345	335	1,060	2,819	76	180	583
Acc. Receivable	2,570	3,330	4,358	3,659	4,874	4,803	6,967	6,964	7,765	9,236
Inventories	1,038	1,771	1,610	1,522	2,091	3,304	2,681	2,554	3,352	3,955
Goodwill & Int.	9,782	9,609	9,436	9,354	9,194	8,758	8,600	9,573	9,378	9,717
Total Liabilities	28,301	29,928	31,646	32,678	35,906	38,729	41,087	40,406	42,223	47,579
Accounts Payable	944	503	929	1,243	1,167	854	799	743	1,195	1,227
Long-Term Debt	22,541	23,698	24,569	26,178	27,625	29,866	29,535	28,295	28,748	31,896
Total Equity	20,295	22,047	22,547	23,854	24,764	24,304	25,329	26,623	27,673	28,732

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.3%	5.0%	5.3%	7.5%	7.7%	6.0%	7.0%	8.1%	8.0%	8.0%
Return on Equity	13.1%	11.9%	12.6%	18.0%	18.9%	15.4%	18.7%	21.1%	19.6%	20.2%
Shares Out.	2,019	2,119	2,161	2,185	2,189	2,182	2,176	2,171	2,168	2,192
Revenue/Share	13.52	11.02	13.57	16.71	14.89	12.35	18.52	26.46	22.66	25.65
FCF/Share	0.09	0.52	0.73	0.87	0.90	1.18	2.85	2.76	1.96	1.63

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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