Plains GP Holdings, L.P. (PAGP)

Updated August 14th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$19	**5 Year CAGR Estimate:**	8.9%	**Market Cap:**	$4.4 B
Fair Value Price:	$17	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	10/31/25[1]
% Fair Value:	115%	**5 Year Valuation Multiple Estimate:**	-2.8%	**Dividend Payment Date:**	11/14/25[2]
Dividend Yield:	8.0%	**5 Year Price Target**	$21	**Years Of Dividend Growth:**	4
Dividend Risk Score:	F	**Sector:**	Energy	**Rating:**	Hold

Overview & Current Events

Plains GP Holdings (PAGP), via its subsidiary Plains All American Pipeline (PAA), manages midstream energy infrastructure across the USA and Canada. Their operations span two sectors: Crude Oil and Natural Gas Liquids (NGLs). They transport these resources through pipelines, gathering systems, and trucks while providing storage, terminalling, throughput, NGL fractionation, isomerization, and natural gas processing services. Their logistics aid producers, refiners, and clients in the energy sector.

On August 8th, 2025, the company announced results for the second quarter of 2025. Plains GP Holdings reported non-GAAP EPS of $0.05, which missed the market's estimates by $0.22. The company reported revenues of $10.64 billion for the quarter, which were down 16.6% year-over-year.

Plains GP Holdings reported a solid second quarter for 2025, highlighting stable earnings and strategic portfolio moves despite a challenging macro backdrop. Net income attributable to Plains All American Pipeline (PAA) came in at $210 million, with $694 million in operating cash flow and $672 million in Adjusted EBITDA. Leverage ended the quarter at 3.3x, near the low end of the company's targeted range. Management pointed to disciplined capital allocation and steady operational execution as key drivers, noting that the results reflect resilience in its crude oil–focused portfolio.

The big headline was PAGP's agreement to divest nearly all of its NGL business for $3.75 billion USD, with proceeds earmarked for bolt-on acquisitions, preferred unit buybacks, and opportunistic common unit repurchases. The sale, expected to close in Q1 2026 pending regulatory approval, is positioned as a catalyst for greater free cash flow durability and financial flexibility. Plains also boosted its Permian Basin presence by acquiring an additional 20% stake in BridgeTex Pipeline, raising its total interest to 40%. CEO Willie Chiang emphasized the company's continued focus on disciplined growth and streamlined operations while maintaining strong cash returns to unitholders.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.41	$0.94	-$5.04	$2.11	$1.96	-$3.08	$0.31	$0.86	$1.02	$0.73	***$1.27***	***$1.62***
DPS	$0.54	$0.62	$0.55	$0.30	$0.30	$0.36	$0.18	$0.18	$0.27	$1.33	***$1.52***	***$1.68***
Shares[3]	83	99	145	282	170	246	194	194	195	197	***217***	***238***

Plains GP Holdings evaluates the performance of its crude oil and NGL (natural gas liquids) segments through segment adjusted EBITDA. Plains GP Holdings saw an increase in shares outstanding in 2024, primarily driven by equity issuances related to strategic acquisitions and capital allocation initiatives aimed at enhancing long-term growth and financial flexibility.

In-line with the midpoint of analysts' estimates, we expect the company to post EPS of $1.27 in 2025. Our annual EPS growth forecast is 5.0% over the next five years, leading to our estimated EPS of $1.62 by 2030. Moreover, the company has a record of paying dividends despite operating in a volatile energy sector, as Plains GP Holdings has paid increasing

[1] Estimated ex-dividend date.
[2] Estimated payment date.
[3] Shares in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

dividends for the past 4 years. We do not expect consistency in maintaining dividend growth. However, the long-term trends remain positive, so we estimate a 2.0% dividend growth rate, suggesting a DPS of $1.68 by 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	42.0	30.2	-5.2	10.9	11.2	-2.9	32.5	13.6	14.5	25.0	***15.0***	***13.0***
Avg. Yld.	0.9%	2.2%	2.1%	1.3%	1.4%	4.0%	1.8%	1.5%	1.8%	7.3%	***8.0%***	***8.0%***

The midstream energy infrastructure operator trades at a forward P/E of 15.0, close to the 10-year average P/E of 17.2. Even though the volatility and rise in prices and demand will benefit the company in the near-term, we assign a P/E of 13.0 to the stock, which we believe is a fair reflection of its value. Accordingly, with an expected EPS of $1.62 by 2030 and a target P/E of 13.0, our five-year target price for the stock stands at $21.

Safety, Quality, Competitive Advantage, & Recession Resiliency

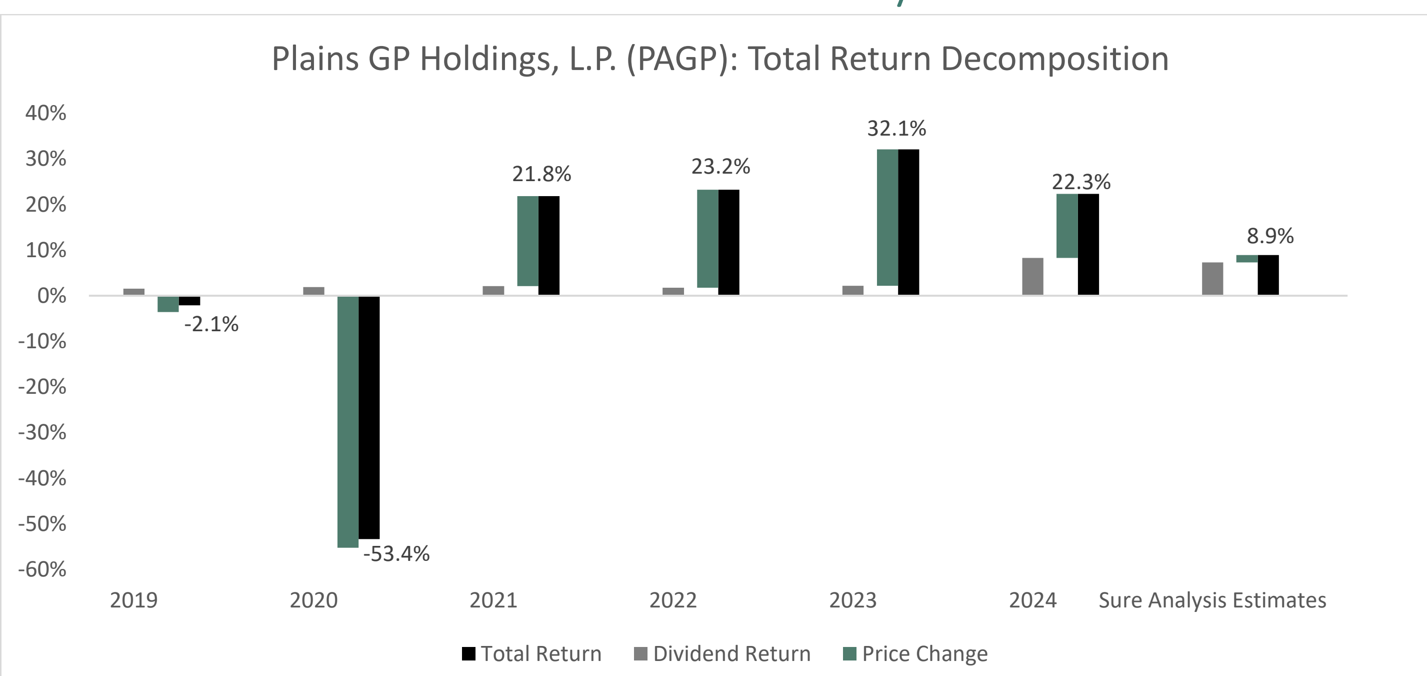
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	38%	65%	-11%	14%	15%	-12%	58%	21%	26%	182%	***120%***	***104%***

While the company has paid a volatile dividend to its shareholders, we expect the company to maintain and increase its payout in the future. At the end of Q2 2025, Plains GP Holdings held approximately $459 million in cash and equivalents and generated $694 million in operating cash flow, underscoring its solid liquidity position despite ongoing portfolio transitions.

Final Thoughts & Recommendation

Plains GP Holdings runs a critical crude and NGL infrastructure business, and we believe that increased energy demand and upstream underinvestment will be a positive catalyst for EPS growth. However, Plains GP Holdings' dividend growth prospects could remain low given the payout ratio. We maintain our hold rating premised upon 8.9% annualized expected total returns for the medium-term, derived from the forecasted earnings-per-share growth of 5.0%, 8.0% dividend yield, and a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	23,152	20,182	26,223	34,055	33,669	23,290	42,078	57,342	48,710	50,070
Gross Profit	2,993	2,434	2,719	3,741	3,613	2,203	2,797	3,198	3,130	3,487
Gross Margin	12.9%	12.1%	10.4%	11.0%	10.7%	9.5%	6.6%	5.6%	6.4%	7.0%
SG&A Exp.	281	282	280	320	302	276	298	330	356	387
D&A Exp.	433	515	519	521	604	656	777	968	1,051	1,026
Operating Profit	1,258	970	1,256	2,158	2,008	851	1,434	1,553	1,349	1,332
Op. Margin	5.4%	4.8%	4.8%	6.3%	6.0%	3.7%	3.4%	2.7%	2.8%	2.7%
Net Profit	118	94	(731)	334	331	(568)	60	168	198	103
Net Margin	0.5%	0.5%	-2.8%	1.0%	1.0%	-2.4%	0.1%	0.3%	0.4%	0.2%
Free Cash Flow	(732)	(616)	1,472	970	1,319	772	1,655	1,949	2,163	1,844
Income Tax	182	78	937	302	176	(167)	112	246	189	204

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	24,142	26,103	26,753	26,830	29,969	25,951	29,978	29,207	28,600	27,760
Cash & Equivalents	30	50	40	69	47	25	452	404	453	349
Acc. Receivable	1,785	2,279	3,029	2,454	3,614	2,553	4,705	3,907	3,760	3,901
Inventories	916	1,343	713	640	604	647	783	729	548	439
Goodwill & Int.	2,688	2,586	3,410	3,293	3,247	805	1,960	2,145	1,875	1,677
Total Liabilities	14,908	15,396	14,395	13,511	15,484	14,761	15,801	14,569	13,620	13,440
Accounts Payable	---	---	3,324	2,705	3,687	2,425	4,811	4,045	3,845	3,881
Long-Term Debt	11,931	11,839	9,920	9,209	9,691	10,213	9,220	8,446	7,751	7,621
Total Equity	1,762	1,737	1,695	1,846	2,155	1,464	1,533	1,524	1,548	1,351
D/E Ratio	6.77	6.82	5.85	4.99	4.50	6.98	6.01	5.54	5.00	5.64

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.5%	0.4%	-2.8%	1.2%	1.2%	-2.0%	0.2%	0.6%	0.7%	0.4%
Return on Equity	6.9%	5.4%	-42.6%	18.9%	16.5%	-31.4%	4.0%	11.0%	1.3%	0.7%
ROIC	0.6%	0.5%	-3.5%	1.6%	1.6%	-2.7%	0.3%	0.8%	0.9%	0.5%
Shares Out.	83.0	99.0	145.0	159.5	170.0	194.0	194.0	194.0	195.0	197
Revenue/Share	278.94	203.86	180.85	120.76	198.05	94.67	216.90	295.58	249.81	254.18
FCF/Share	-8.82	-6.22	10.15	3.44	7.76	3.14	8.53	10.05	11.09	9.36

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