Kinder Morgan, Inc. (KMI)

Updated March 2nd, 2026 by Samuel Smith

Key Metrics

Current Price:	$33	**5 Year CAGR Estimate:**	2.7%	**Market Cap:**	$73.6 B
Fair Value Price:	$27	**5 Year Growth Estimate:**	2.9%	**Ex-Dividend Date:**	5/2/26[1]
% Fair Value:	123%	**5 Year Valuation Multiple Estimate:**	-4.0%	**Dividend Payment Date:**	5/17/26[2]
Dividend Yield:	3.5%	**5 Year Price Target**	$31	**Years Of Dividend Growth:**	9
Dividend Risk Score:	D	**Sector:**	Energy	**Rating:**	Hold

Overview & Current Events

Kinder Morgan, Inc. is one of the largest energy infrastructure companies in North America. The company owns and operates approximately 38,000 miles of pipelines and around 180 terminals across the United States and Canada. Its assets transport and store natural gas, refined petroleum products, crude oil, carbon dioxide, and other commodities. Natural gas pipeline operations form the core of the business, moving approximately 40% of all natural gas consumed in the United States. Kinder Morgan's business model is primarily fee-based, with roughly 90% of its cash flows derived from long-term, take-or-pay contracts, which largely insulate the company from commodity price volatility. Key growth drivers include rising LNG export demand, expanding power generation needs, and a $10 billion project backlog heavily weighted toward natural gas infrastructure.

On January 21, 2026, Kinder Morgan, Inc. reported record fourth-quarter and full-year 2025 financial results. The company delivered robust earnings growth, with Q4 EPS of $0.45 up 50 percent year over year and adjusted EPS of $0.39 rising 22 percent and beating expectations, as net income climbed to $996 million and adjusted EBITDA increased 10 percent to $2.271 billion on $4.51 billion of revenue. Performance was led by the Natural Gas Pipelines segment, which posted record adjusted segment EBITDA of $1.631 billion driven by a 9 percent increase in transport volumes and a 19 percent jump in gathering volumes, underscoring strong demand for natural gas infrastructure. For the full year, net income rose 17 percent to $3.056 billion and adjusted EBITDA reached $8.391 billion on $16.937 billion of revenue, both record levels that supported a stronger balance sheet, reflected in S&P's upgrade of Kinder Morgan's senior unsecured credit rating to BBB plus. The board approved a quarterly dividend of $0.2925 per share, 2 percent higher than Q4 2024, bringing the annualized dividend to $1.17 and signaling confidence in the company's cash flow profile. Growth visibility also appeared strong, with a $10 billion project backlog, roughly 90 percent of which is tied to natural gas infrastructure serving LNG export and power generation markets, and construction already underway on the $1.8 billion Trident Intrastate Pipeline. At the same time, the outlook for 2026, including guidance for net income of $3.1 billion, adjusted EBITDA of $8.6 billion, adjusted EPS of $1.36 (up about 5 percent), and dividends of $1.19 per share, points to more moderate growth from an already elevated base and leaves the company increasingly leveraged to long term natural gas demand trends and regulatory dynamics in its core markets.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DCFPS[3]	$2.02	$2.00	$2.12	$2.19	$2.02	$2.40	$2.22	$2.10	$2.19	$2.51	***$2.69***	***$3.10***
DPS	$0.50	$0.50	$0.72	$1.00	$1.05	$1.07	$1.10	$1.13	$1.15	$1.17	***$1.17***	***$1.45***
Shares[4]	2230	2217	2216	2200	2200	2267	2248	2219	2222	2225	***2224***	***2200***

Kinder Morgan's biggest growth catalysts for the future are new pipeline and terminal projects. Natural gas is a compelling growth catalyst and continued to drive growth in the first half of this year. Natural gas is rapidly replacing

[1] Estimated
[2] Estimated
[3] DCFPS stands for Distributable Cash Flow Per Share.
[4] In millions

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coal, which gives Kinder Morgan a major advantage. Unfortunately for them, new pipeline projects face severe political headwinds for the foreseeable future so growth for the company will likely slow significantly. The company plans to continue investing in growth projects in 2025 and they expect to fully fund it with internally generated cash flow without the need to access capital markets. We expect the company's DCF per share to increase steadily over the next half-decade due to continued incremental growth projects and share repurchases.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg P/DCF	10.3	9.0	8.8	9.0	4.9	7.3	7.9	8.0	11.1	10.7	***12.3***	***10.0***
Avg. Yld.	2.4%	2.8%	3.9%	5.1%	10.6%	6.1%	6.3%	6.7%	4.7%	4.4%	***3.5%***	***4.7%***

Since Kinder Morgan, Inc. became a publicly traded stock its valuation has fluctuated wildly. During the heyday of the oil and gas industry of 2011-2014, Kinder Morgan held a very high valuation, but when the oil and gas markets entered a downturn and Kinder Morgan cut its dividend, the stock valuation dramatically contracted. We give KMI a 10x fair value multiple given the tailwinds from expected growth in natural gas demand, which is somewhat offset by elevated interest rates. As a result, we view the stock as being somewhat overvalued right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

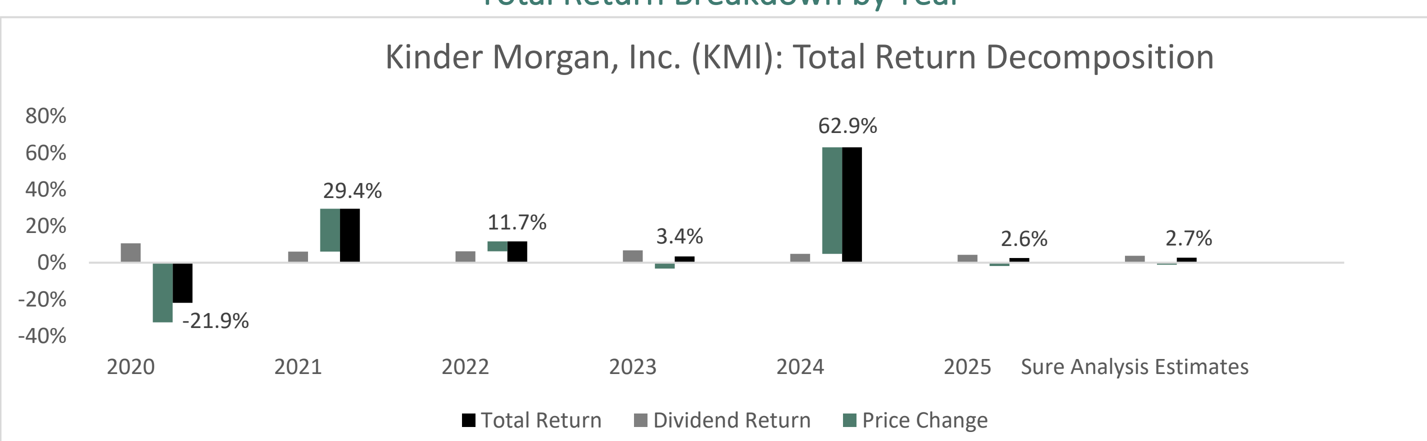
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	24.8%	25.0%	34.0%	45.7%	52.0%	44.6%	49.5%	53.8%	52.5%	46.6%	***43.5%***	***46.8%***

Kinder Morgan operates in the cyclical energy sector, but its business model still enables it to generate fairly stable cash flows. Kinder Morgan has a fairly low interest coverage ratio, and its elevated level of debt prompted the company's dividend cut in 2016. The good news is the new dividend payout level seems to be secure, and the company utilized the savings from the dividend reduction to pay down debt and improve its balance sheet. Kinder Morgan has been deleveraging and the company received a credit rating upgrade from Standard & Poor's and Moody's. Kinder Morgan has significant network and economies of scale competitive advantages as one of the largest energy companies in the U.S. and the largest natural gas transporter, moving approximately 40% of the natural gas used in the U.S. It is also the largest independent transporter of petroleum products and carbon dioxide and the largest independent terminals operator.

Final Thoughts & Recommendation

The combination of the 3.5% dividend yield and expected steady per share distributable cash flow growth – offset by slight expected valuation contraction – could result in annualized total returns of 2.7% per year over the next half-decade, which earns Kinder Morgan a Hold recommendation at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	12,943	13,617	14,277	13,160	11,479	17,533	19,554	15,156	15,073	16,811
Gross Profit	4,947	4,525	5,014	4,897	4,284	6,365	5,504	5,134	5,528	5,839
Gross Margin	38.2%	33.2%	35.1%	37.2%	37.3%	36.3%	28.1%	33.9%	36.7%	34.7%
SG&A Exp.	669	688	601	590	648	655	637	668	712	744
Operating Profit	3,857	3,439	4,068	3,881	3,247	5,284	4,426	4,045	4,383	4,650
Operating Margin	29.8%	25.3%	28.5%	29.5%	28.3%	30.1%	22.6%	26.7%	29.1%	27.7%
Net Profit	717	218	1,911	2,227	167	1,836	2,612	2,472	2,705	3,144
Net Margin	5.5%	1.6%	13.4%	16.9%	1.5%	10.5%	13.4%	16.3%	17.9%	18.7%
Free Cash Flow	2,136	1,783	2,317	2,732	2,981	4,590	3,502	4,374	3,183	3,221
Income Tax	917	1,938	587	926	481	369	710	715	687	832

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	80,509	79,300	79,181	75,002	73,506	72,368	70,078	71,020	71,407	74,554
Cash & Equivalents	787	326	3,331	1,134	1,209	1,147	794	96	214	109
Acc. Receivable	1,513	1,448	1,512	1,370	1,293	1,611	1,840	1,588	1,506	1,714
Inventories	357	424	385	371	348	562	634	525	555	574
Goodwill & Int.	25,470	25,261	24,845	24,127	22,304	21,592	21,774	22,078	21,844	21,814
Total Liabilities	45,707	44,176	43,984	40,113	40,940	40,447	37,964	39,291	39,540	42,105
Accounts Payable	1,257	1,340	1,337	914	837	1,259	1,444	1,366	1,395	1,408
Long-Term Debt	40,050	37,843	37,324	34,681	34,952	33,590	32,028	32,346	32,083	32,170
Total Equity	34,431	33,636	33,678	33,742	31,436	30,823	30,742	30,306	30,531	31,162
LTD/E Ratio	1.16	1.13	1.11	1.03	1.11	1.09	1.04	1.07	1.05	1.03

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.9%	0.3%	2.4%	2.9%	0.2%	2.5%	3.7%	3.5%	3.8%	4.3%
Return on Equity	2.0%	0.6%	5.4%	6.4%	0.5%	5.7%	8.2%	7.7%	8.5%	9.8%
ROIC	0.9%	0.3%	2.6%	3.1%	0.2%	2.8%	4.0%	3.9%	4.2%	4.9%
Shares Out.	2230	2217	2216	2200	2200	2267	2248	2219	2222	2225
Revenue/Share	5.80	6.11	6.44	5.81	5.07	7.74	8.66	6.78	6.79	7.56
FCF/Share	0.96	0.80	1.05	1.21	1.32	2.03	1.55	1.96	1.43	1.45

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