Kinder Morgan, Inc. (KMI)

Updated May 13th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$32	**5 Year CAGR Estimate:**	3.5%	**Market Cap:**	$72 B
Fair Value Price:	$27	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	5/4/26
% Fair Value:	119%	**5 Year Valuation Multiple Estimate:**	-3.4%	**Dividend Payment Date:**	5/15/26
Dividend Yield:	3.7%	**5 Year Price Target**	$31	**Years Of Dividend Growth:**	10
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 April 22nd, 2026, Kinder Morgan reported results for the first quarter of 2026. The company delivered robust earnings growth. Adjusted earnings-per-share surged 41% over last year's quarter, from $0.34 to $0.48, exceeding the analysts' estimates by $0.09. Performance was led by the Natural Gas Pipelines segment, which greatly benefited from winter storm Fern and extended cold weather. Kinder Morgan is likely to benefit from the ongoing crisis in the Middle East, which is likely to result in increased LNG exports. The company raised its dividend by 2%, thus signaling confidence in its cash flow. 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. Management reiterated its guidance for net income of $3.1 billion, adjusted EBITDA of $8.6 billion, and adjusted earnings-per-share of $1.36 (up 5%) in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
DCFPS[1]	$2.02	$2.00	$2.12	$2.19	$2.02	$2.40	$2.22	$2.10	$2.19	$2.51	***$2.69***	***$3.12***
DPS	$0.50	$0.50	$0.72	$1.00	$1.05	$1.07	$1.10	$1.13	$1.15	$1.17	***$1.19***	***$1.48***
Shares[2]	2230	2217	2216	2200	2200	2267	2248	2219	2222	2225	***2224***	***2220***

Kinder Morgan's biggest growth catalysts for the future are new pipeline and terminal projects. Natural gas is a compelling growth catalyst, as it is environmentally friendlier than fossil fuels. Natural gas is rapidly replacing coal, which gives Kinder Morgan a major advantage. However, new pipeline projects may face 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 2026 and expected to fully fund them with internally generated cash flow, without the need to access capital markets. We expect 3% average annual growth of DCF per share over the next five years thanks to continued 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	***11.9***	***10.0***
Avg. Yld.	2.4%	2.8%	3.9%	5.1%	10.6%	6.1%	6.3%	6.7%	4.7%	4.4%	***3.7%***	***4.7%***

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[1] DCFPS stands for Distributable Cash Flow Per Share.

[2] In millions

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Since Kinder Morgan 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 rich valuation, but when the oil and gas markets entered a downturn and Kinder Morgan cut its dividend, the valuation of the stock dramatically contracted. We assume a fair price-to-DCF ratio of 10.0, given the tailwinds from expected growth in natural gas demand. The stock is currently trading at a price-to-DCF ratio of 11.9. If it trades at our assumed fair valuation level in five years, it will incur a -3.4% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

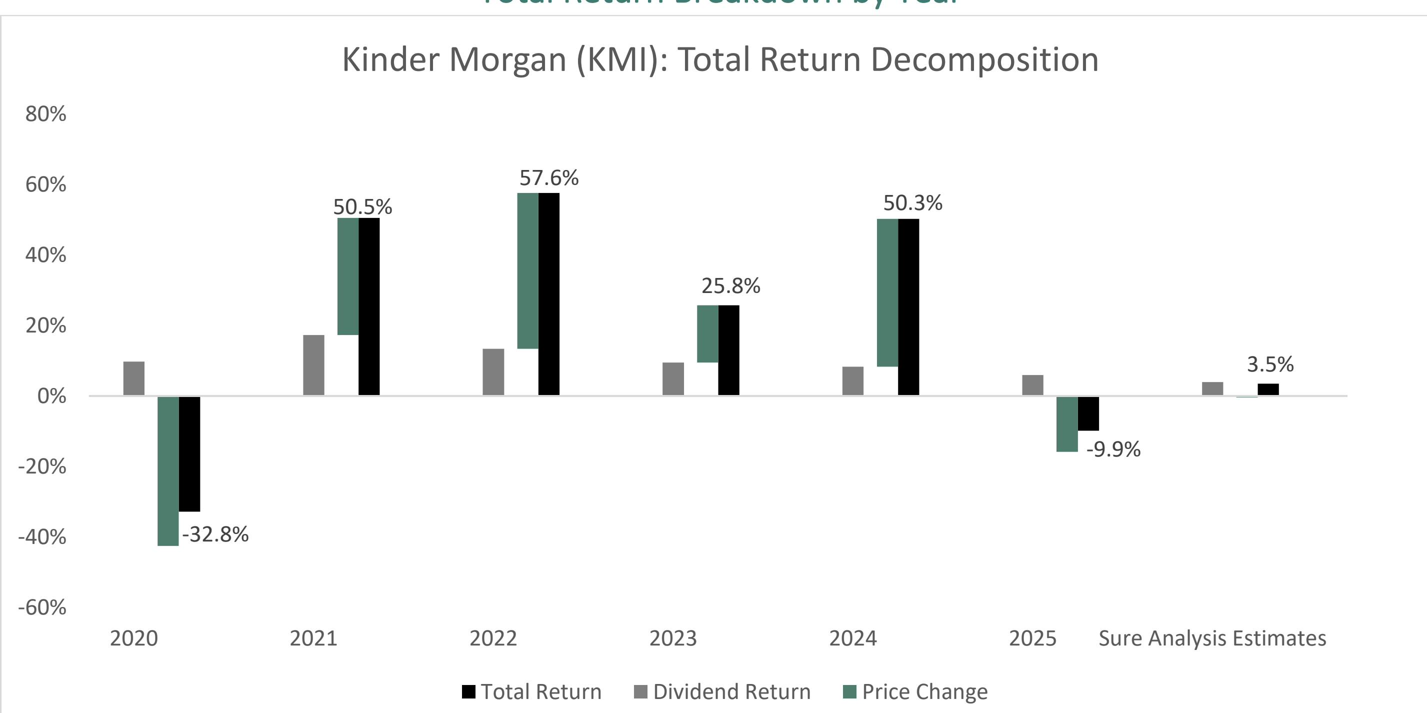
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	25%	25%	34%	46%	52%	45%	50%	54%	53%	47%	***44%***	***47%***

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 that the new dividend payout level seems to be secure, and the company utilized the savings from the dividend cut to pay down debt and strengthen 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. Overall, it is much more resilient to the downturns of the energy sector than most energy companies but it is not immune to such downturns.

Final Thoughts & Recommendation

Kinder Morgan has a markedly resilient business model and is suitable for investors who seek exposure to the expected growth in the demand for natural gas. With that said, the stock appears somewhat overvalued right now. It could offer a total annual return of 3.5% over the next five years thanks to 3.0% growth of distributable cash flow per share and a 3.7% dividend, partly offset by a -3.4% valuation drag. The stock receives a hold rating.

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.

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