Plains All American Pipeline, L.P. (PAA)

Updated August 19th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$23.85	**5 Year Annual Expected Total Return:**	10.6%	**Market Cap:**	$15.3 B
Fair Value Price:	$21.60	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	10/30/26[1]
% Fair Value:	110%	**5 Year Valuation Multiple Estimate:**	-2.0%	**Dividend Payment Date:**	11/13/26[2]
Dividend Yield:	7.0%	**5 Year Price Target**	$28	**Years Of Dividend Growth:**	5
Dividend Risk Score:	D	**Sector:**	Energy	**Rating:**	Hold

Overview & Current Events

Plains All American Pipeline, L.P. is a midstream energy infrastructure provider. The company owns an extensive network of pipeline transportation, terminalling, storage, and gathering assets in key crude oil and natural gas liquids-producing basins at major market hubs in the United States and Canada. On average, it handles more than 9 million barrels per day of crude oil and NGL through 18,370 miles of active pipelines and gathering systems. Plains All American generates around $40 billion in annual revenues and is based in Houston, Texas.

On August 7th, 2026, Plains All American posted its Q2 results for the period ending June 30th, 2026. Revenue for the quarter totaled $17.7 billion, up roughly 66% compared to the prior-year period. Adjusted EBITDA from crude oil rose 19% year-over-year to $690 million, driven by contributions from the Cactus III pipeline acquisition, higher pipeline volumes, and market opportunities and optimization initiatives. These benefits were partially offset by certain Permian long-haul pipeline contract rate resets. Adjusted EBITDA from NGL decreased 54% year-over-year to $40 million, primarily reflecting the mid-May sale of the Canadian NGL business.

Total adjusted EBITDA attributable to PAA increased 10% to $738 million, while implied DCF per common unit rose to $0.71 from $0.66 in the prior-year period. Net income attributable to PAA reached $1.83 billion, including a roughly $1.6 billion gain from the Canadian NGL divestiture. The transaction closed on May 12th and generated about $3.3 billion in net cash proceeds, funding roughly $2.9 billion of debt reduction and lowering pro forma leverage to 3.3 times. The sale completed Plains' transformation into a pure-play crude oil midstream company.

Management maintained its full-year adjusted EBITDA guidance midpoint of $2.88 billion, while raising planned growth capital spending from $350 million to between $400 million and $450 million. We expect a DCFU of $2.70 for the year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
DCFU[3]	$1.82	$1.82	$2.46	$2.99	$2.31	$2.05	$2.26	$2.46	$2.49	$2.61	***$2.70***	***$3.45***
DPS	$2.50	$1.70	$1.20	$1.44	$0.90	$0.72	$0.92	$1.12	$1.33	$1.56	***$1.67***	***$2.94***
Units[4]	464.0	717.0	726.0	727.0	728.0	716.0	701.0	699.0	702.0	704.0	***706.0***	***670.0***

Over the past decade, Plains All American Pipeline has experienced a rollercoaster ride when it comes to its DCFU, due to the volatile nature of the energy sector and its ability to navigate shifting market conditions. The oil market downturn hit hard in 2016 and 2017, slashing cash flow nearly in half to $1.82. This period was a wake-up call for PAA, forcing the company to rethink capital allocation and focus on strengthening its balance sheet. By 2018 and 2019, the company had regained its footing, pushing DCFU back up to $2.99 as production levels increased and pipeline demand grew. Then came 2020, and the COVID-19 pandemic delivered another major setback. With oil demand collapsing, DCFU fell to

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] Distributable Cash Flow per Unit is a more meaningful metric compared to EPS for PAA's business model and capital structure.
[4] Unit count is in millions.

$2.31, and the energy sector faced yet another round of uncertainty. However, PAA's disciplined approach to cost management and asset optimization helped the company weather the storm.

The years following the pandemic saw a steady recovery, with DCFU bouncing to $2.26 in 2022 as volumes and margins improved, rising to $2.49 in 2023 on stronger operating performance, holding flat at $2.49 in 2024, and increasing further to $2.61 in 2025 as earnings momentum continued.

We now expect DCFU growth of 5% through 2031, powered by an improving outlook in the energy sector. We have also set our expected distribution growth rate at 12% over the medium-term. Unit buybacks should also contribute to results during this period.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/DCF	14.8	14.3	9.8	7.7	5.6	5.0	4.7	5.0	6.7	7.1	***8.8***	***8.0***
Avg. Yld.	9.3%	6.5%	5.0%	6.3%	5.5%	7.0%	8.4%	9.0%	8.0%	8.4%	***7.0%***	***10.7%***

Plains All American's valuation multiple has, on average, hovered just over 8x its distributable cash flows over the past decade. During the tumultuous period of the COVID-19 pandemic, the stock's valuation experienced a notable multiple compression. This theme lasted until last year. Encouragingly, shares have been gradually converging to a more reasonable level, and today, we believe the stock is only modestly overvalued. The distribution yield of 7.0% is significant, and we expect it to advance further higher following continuous distribution hikes.

Safety, Quality, Competitive Advantage, & Recession Resiliency

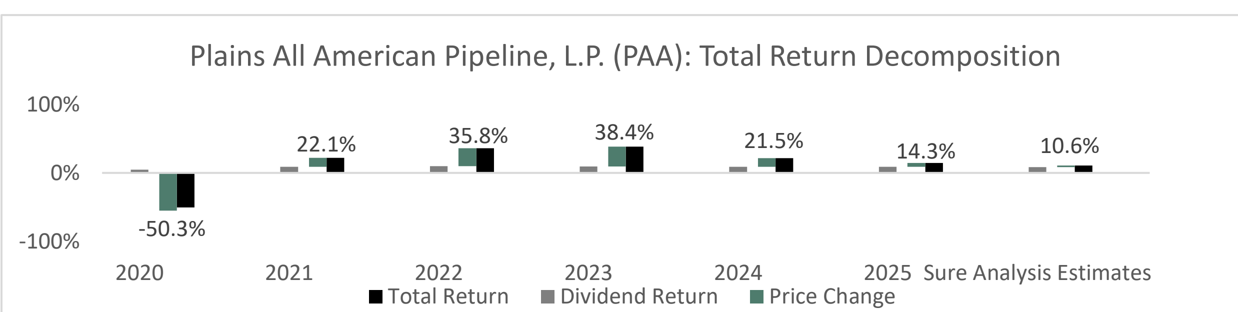
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	137%	93%	49%	48%	39%	35%	41%	46%	54%	60%	***62%***	***85%***

PAA's payout ratio is currently sitting at relatively comfortable levels. Following last year's distribution cut and clear capital allocation strategy, we don't expect another one going forward, especially considering management's intention to grow the annual distribution rate per unit. That being said, we cannot restfully trust its resiliency either. The company enjoys some qualities and competitive strengths, including a geographically diverse and interconnected asset base that provides operational flexibility, a high-quality customer base that supports sustainable fee-based cash flow generation (Marathon Petroleum, Phillips 66, etc.), and a highly experienced management team. Still, the company is highly susceptible to a potential recession and the overall volatile profile of the energy sector, which could materially affect its performance and financials, as has been the case several times.

Final Thoughts & Recommendation

In recent years, Plains All American has registered excellent returns. Nevertheless, we project further gains ahead. Based on our growth projections and the 7.0% yield, we see an annual return potential of 10.6% over the medium-term. We rate the stock as a hold, though, due to the not-so-long dividend growth track record.

Total Return Breakdown by Year



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.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	20,182	26,223	34,055	33,669	23,290	42,080	57,340	48,710	50,070	44,280
Gross Profit	1,253	1,538	2,479	2,313	1,130	1,735	1,886	1,708	1,719	1,740
Gross Margin	6.2%	5.9%	7.3%	6.9%	4.9%	4.1%	3.3%	3.5%	3.4%	3.9%
SG&A Exp.	279	276	316	297	271	292	325	350	381	342
D&A Exp.	514	517	520	601	653	774	965	1,048	1,026	953
Operating Profit	974	1,262	2,163	2,016	859	1,443	1,561	1,358	1,338	1,415
Operating Margin	4.8%	4.8%	6.4%	6.0%	3.7%	3.4%	2.7%	27.9%	2.7%	3.2%
Net Profit	726	856	2,216	2,171	(2,590)	593	1,037	1,230	772	1,379
Net Margin	3.6%	3.3%	6.5%	6.4%	-11.1%	1.4%	1.8%	2.5%	1.5%	3.1%
Free Cash Flow	(601)	1,475	974	1,323	776	1,660	1,953	2,168	1,871	2,293
Income Tax	25	44	198	66	(19)	73	189	121	167	15

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	24,210	25,351	25,511	28,677	24,497	29,610	27,890	27,360	26,560	30,190
Cash & Equivalents	47	37	66	45	22	449	401	450	348	328
Accounts Receivable	2,279	3,029	2,454	3,614	2,553	4,705	3,907	3,760	3,901	3,639
Inventories	1,343	713	640	604	647	783	729	548	439	211
Goodwill & Int. Ass.	2,586	3,410	3,293	3,247	805	1,960	2,145	1,875	1,677	1,754
Total Liabilities	15,394	14,393	13,509	15,482	14,759	15,800	14,570	13,620	13,470	17,110
Accounts Payable	2,588	3,323	2,704	3,686	2,437	4,810	4,044	3,844	3,881	3,457
Long-Term Debt	11,839	9,920	9,209	9,624	10,132	9,161	8,446	7,751	7,621	10,910
Shareholder's Equity	8,759	10,958	12,002	13,062	9,593	9,972	10,060	10,420	9,813	7,801
LTD/E Ratio	1.35	0.91	0.77	0.74	0.95	0.92	0.84	0.74	0.78	1.17

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	3.5%	8.7%	8.0%	-9.7%	2.2%	3.7%	4.5%	2.9%	4.9%
Return on Equity	8.7%	8.7%	19.3%	17.3%	-22.9%	6.1%	10.4%	9.1%	5.8%	10.5%
ROIC	6.2%	7.9%	23.2%	22.9%	-25.9%	5.3%	8.7%	10.8%	7.0%	6.1%
Shares Out.	464	717	726	727	728	716	701	699	702	704
Revenue/Share	43.31	36.52	42.62	42.09	31.99	58.77	81.80	69.69	71.33	62.90
FCF/Share	(1.29)	2.05	1.22	1.65	1.07	2.32	2.79	3.10	2.67	3.26

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