



Enterprise Products Partners

Presented by:
Ryan Crisalli, *Investment Analyst*

Enterprise Products Partners L.P.



Enterprise Products
Partners L.P.

“Energy Transition is really energy Addition”

Investment Analyst, *Ryan Crisalli*

Company Overview

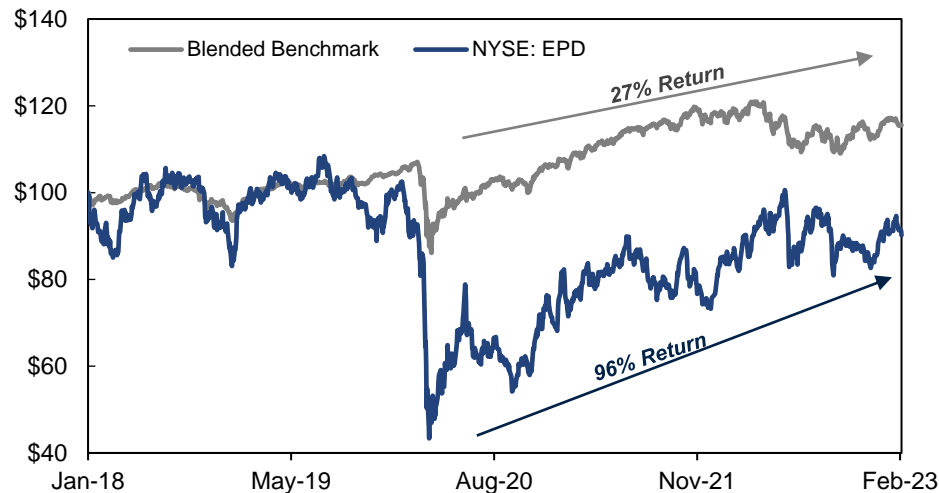
Business Overview

- Enterprise Product Partners L.P (NYSE: EPD) is a leading North America provider of midstream services to producers and consumers of natural gas, natural gas liquids (NGLs), crude oil, petrochemicals, and refined products
- The Company's fully integrated, midstream asset network links producers of natural gas, NGLs and crude oil from some of the largest basins in the U.S, Canada, and the Gulf of Mexico with domestic and international markets
- EPD operations include 50,000 miles of pipelines, 260 mboe of liquids storage, 20 deep water docks, 29 natural gas processing plants, 25 fractionators, and 2 PDH and iBDH facilities
- EPD earns revenue through four segments: Crude Oil (32%), Natural Gas (11%), NGLs (42%), and Petrochemical and Refined Products (16%)
- In 2022 EPD generated US\$6.8B in gross operating profit from fee-based
- EPD crude oil and NGL exports averaged 681 mboe/d and 723 mboe/d in 2022, accounting for 22% and 33% of U.S. waterborne exports, respectively.

EPD's Fully Integrated Asset Map



Historical Trading Performance (Indexed to \$100)

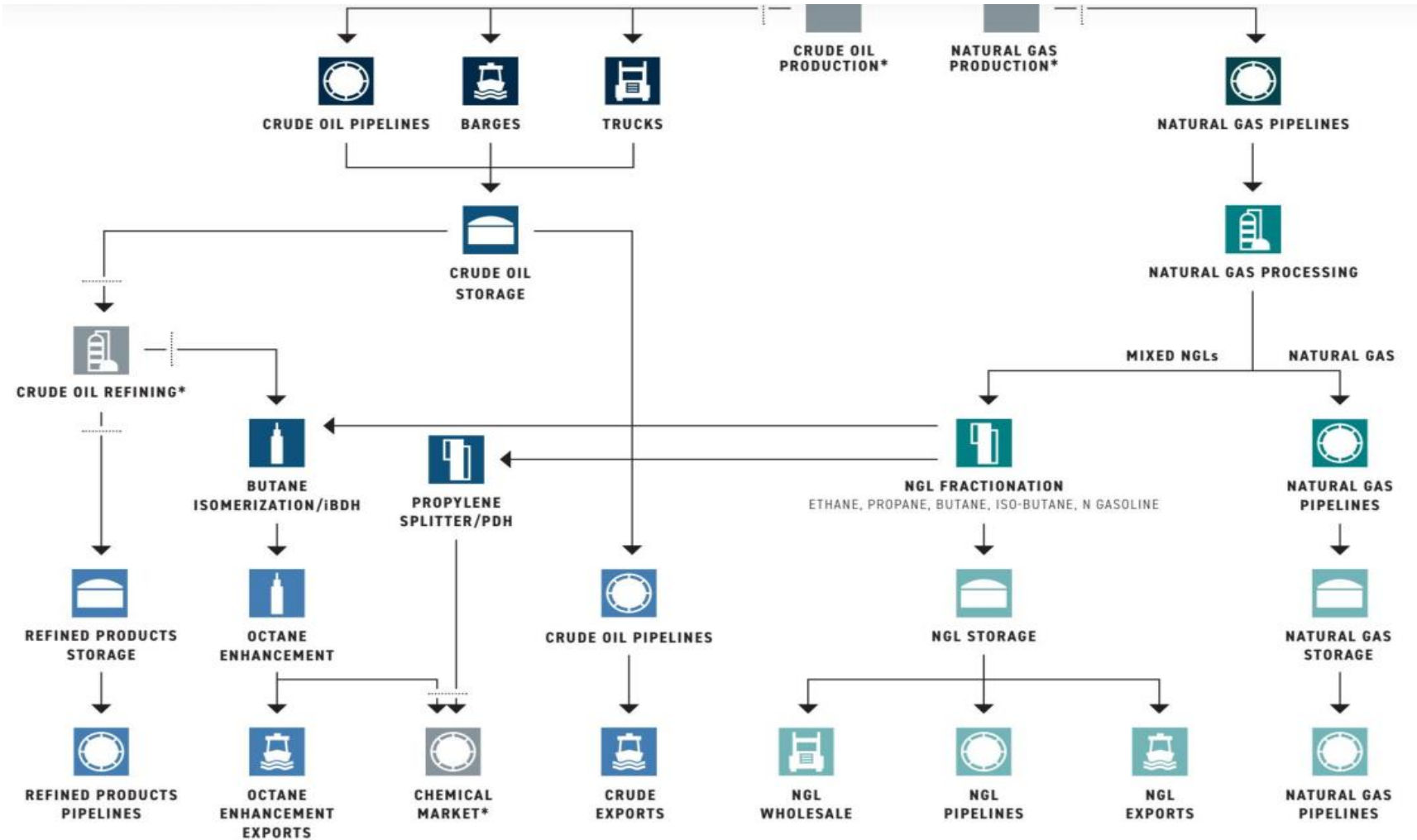


Key Metrics ⁽¹⁾

Market Cap	US\$54.4B
Net Debt	US\$28.6B
Enterprise Value	US\$84.1B
LTM Dividend Yield	7.8%

Midstream Value Chain

EPD Vertical Midstream Value Chain

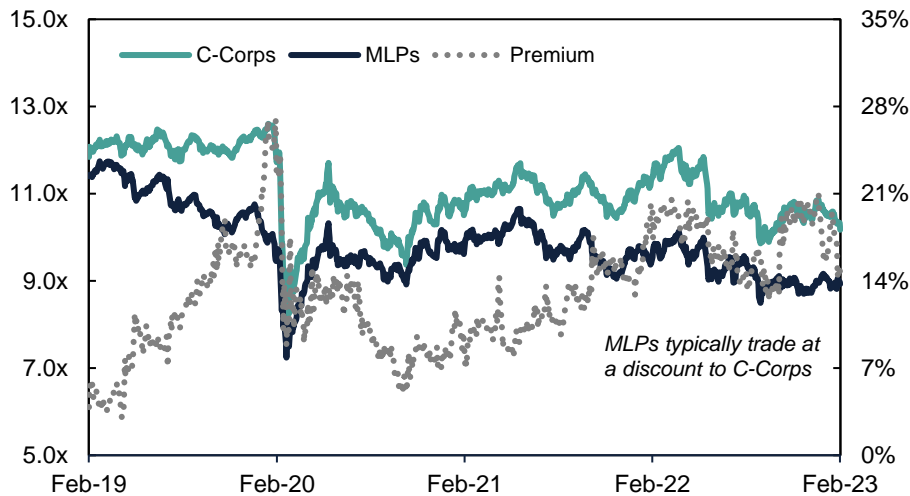


Master Limited Partnership (MLP)

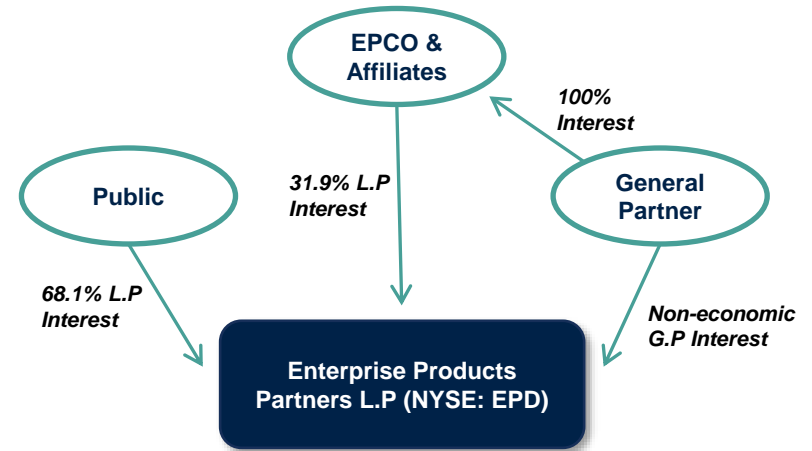
What is an MLP?

- A master limited partnership (MLP) is a publicly traded limited partnership, which combines the tax advantages of private partnership and public liquidity
- In recent years, many Canadian Midstream players have converted to C-Corps due to changing tax regulation, yet MLPs still dominate the U.S. space with the tax benefit being prevalent
- MLPs have two types of partners:
 - General Partners (GP), who manage the MLP and oversee its operations
 - Limited Partners (LP), who are investors in the MLP, also called unitholders
- MLP's can pass through its deductible depreciation or depletion expenses, allowing it to distribute a tax-advantaged return of capital
- Unitholders own limited partnership units instead of common stock and receive cash distributions rather than dividends
- MLPs generally seek cash flow stability and are required by the partnership agreement to distribute a set amount of cash to investors called distributions

NTM EV/EBITDA MLPs vs C-Corp



EPD Corporate Structure



Midstream Industry MLP

MLPs		C-Corps	

Sources: Bloomberg, Capital IQ, Company Filing, Google Images

U.S Midstream Industry

Industry Overview

NGL Processing (Market size: ~US\$160B)

- Incentive to focus on natural gas production further drives the need to transport gas to processing and storage terminals, while also bolstering NGL production and the need for NGL infrastructure

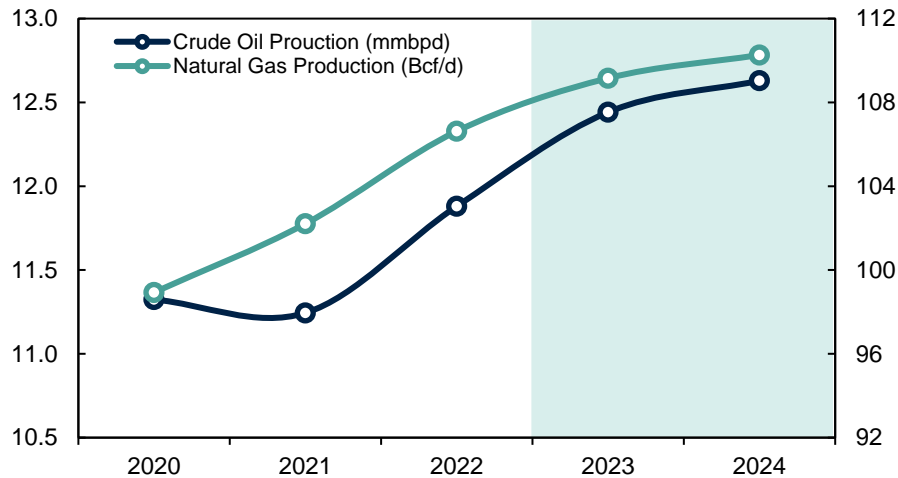
Natural Gas & Crude Pipeline Transportation (Market size: ~US\$37B & \$18B)

- Transportation industry is highly regulated and charges customers based on rates set by Federal Energy Regulation Commission (FERC)
- The natural gas industry continues to benefit from reduced carbon emissions efforts from power generation
- High refinery demand for crude oil will drive production and throughput volumes

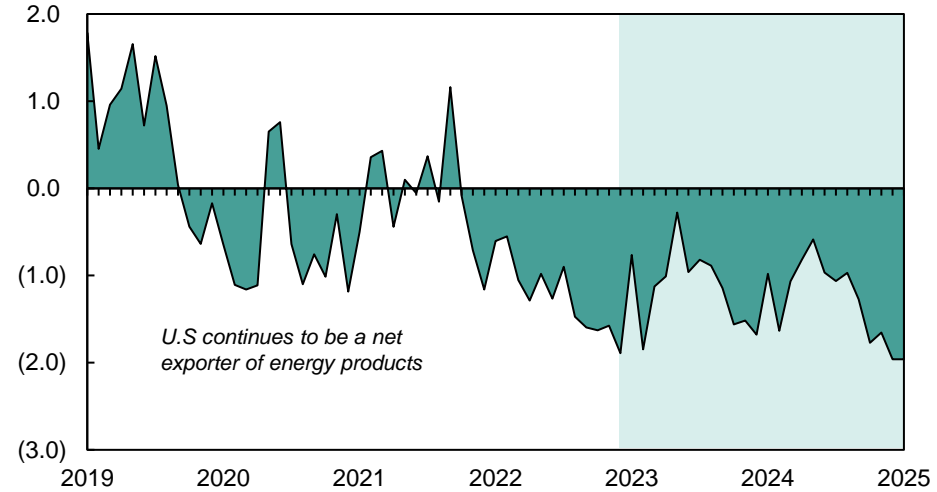
Petrochemical (Market Size: ~US\$73B)

- Chemical and plastic product manufacturing is expected to grow, which ultimately increases the demand for petrochemicals

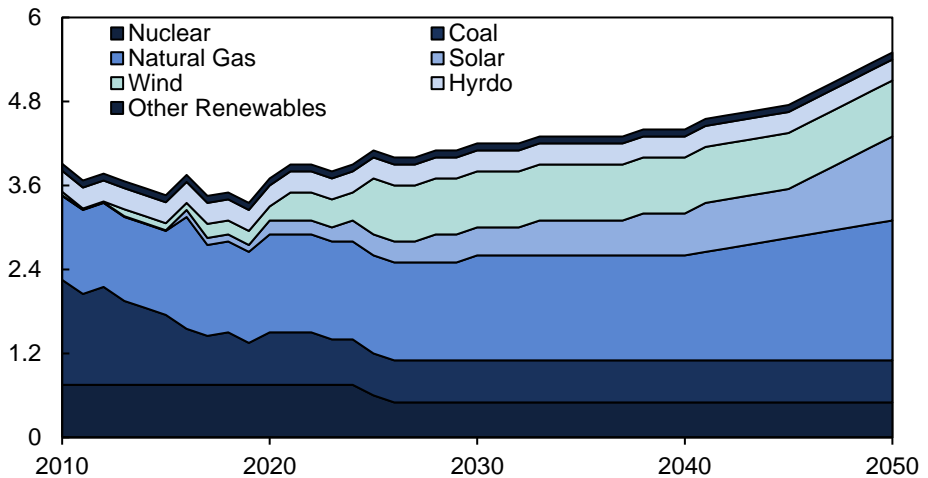
Average U.S. Crude Oil and Natural Gas Production



U.S Petroleum and Other Liquids Net Imports (mmboe/d)



Electricity Generation by Fuel (Total KWh)



Sources: Company Filings, EIA, IBIS World,

Competitive Advantage

Best in Class NGL Asset Base and Operations

- EPD has a geographic advantage through its extensive asset network that connects into every major U.S. shale basin, ethylene cracker, 90% of east coast refiners, and export facility in the USGC
- At the core of the Company's asset base is its NGL value chain which offers deep access to Mont Belvieu
- EPD was a first-mover in filling the gap of NGL infrastructure in the U.S and has built out an irreplaceable asset portfolio, positioning it to capture the differentials between the U.S and international markets due to the shift towards exports
- EPD looks to further dominate the NGL value chain through the build out of its petrochemical assets which allows EPD to extract higher value olefins from feedstock, creating more demand pull for NGL supply through its network
- EPD marketing operations are a strong asset that enable EPD to collect significant additional fees from its network vs being a pure toll-taker

Major Player In U.S. and Global Energy Export Markets

- EPD is one of the world's largest Liquefied Petroleum Gas (LPG) exporters, accounting for 16% of global volumes
 - The Company also exports 32% of U.S. LPG
- The Company operates two NGL marine terminals:

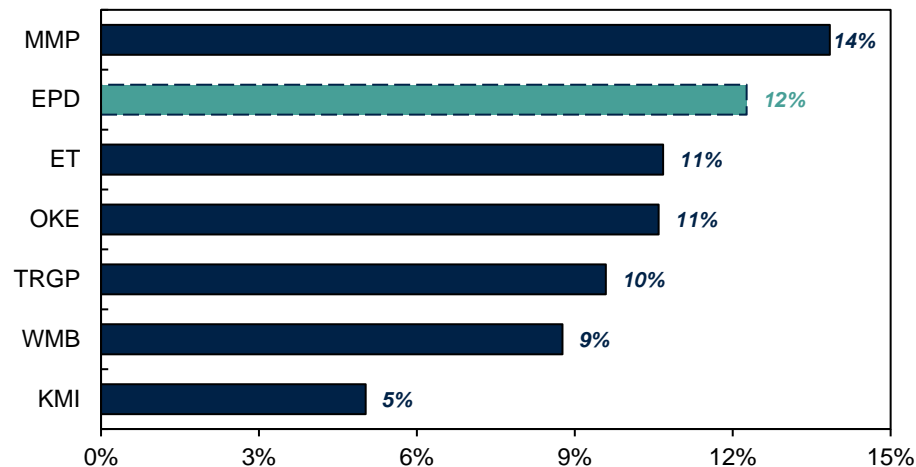
Enterprise Hydrocarbons Terminal (EHT)

- Extensive waterfront access with 8 deep-water docks and a barge dock
- Location along Houston Ship Channel allows EPD to handle larger vessels than its competitors

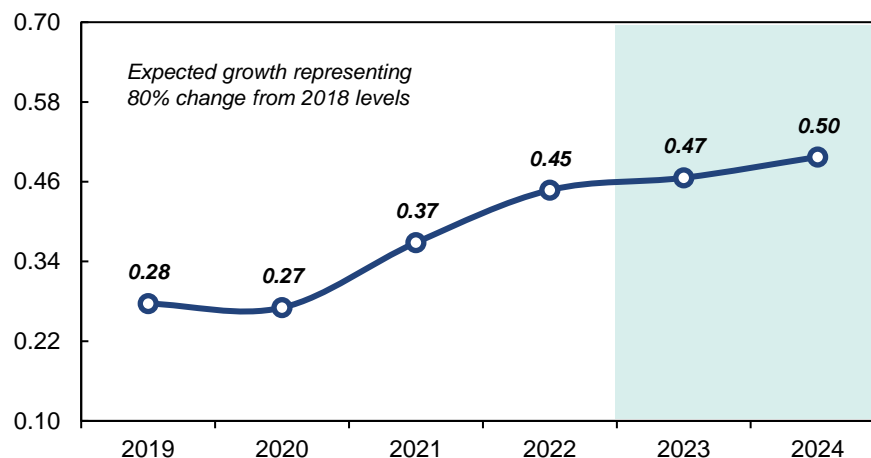
Morgan's Point Ethane Export Terminal

- Largest ethane export terminal in the world
- Volumes are sources by EPD's Chambers County NGL fractionation and storage complex

ROIC vs Peers



U.S. Ethane Net-Exports (mmb/d)



Natural Gas Liquids (NGLs)

Segment Operations

Natural Gas Processing & Related Marketing

- Operate 24 processing facilities located in Colorado, Louisiana, Mississippi, New Mexico, Texas and Wyoming, with total capacity of 10.9 Bcf/d and a utilization rate of 67%
- Utilize service contracts that are fee-based (5,182 mmcf/d) and commodity-based (182 mboe/d)
- Marketing activities include spot and term sales of NGLs that EPD has title to through its natural gas processing activities (equity NGL production) and open market and contract purchases

NGL Pipelines

- Operate 19 NGL pipelines spanning 19,803 miles throughout the U.S. with (3.7mmbpd) throughput up 9% YoY
- Largest pipeline is the Mid-American Pipeline System which is ~7,700 miles long, that connects Western and Midwest U.S. production to Hobbs NGL hub in Texas-New Mexico border.

NGL Fractionation

- Process mixed NGLs from several major NGL basins (Permian, Rocky Mountain, Eagle Ford) into purity NGL products, with ~1.6mmbpd of total operating capacity and a utilization rate of 100% (as of 2022)
- NGL fractionators are connected to EPD's network of NGL pipelines, storage, and Marnie terminals

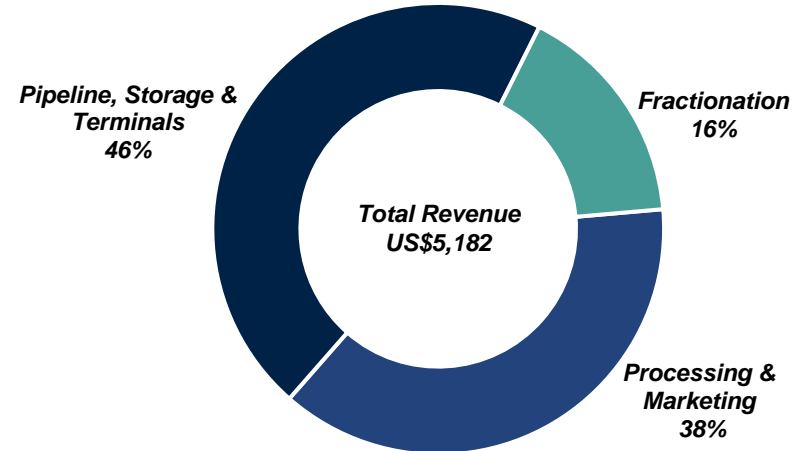
NGL Storage Facilities

- Utilize salt dome caverns and above ground tanks to store mixed and purity NGLs and petrochemical products, with 177mmbbls of Net usable storage

NGL Marine Terminals

- EHT has loading capacity for LPG of ~835mmbpd, which can load a single VLGC in less than 24 hours
- Morgan's Point Ethane Export Terminal has a nameplate loading capacity of ~10,000 bbls/hr, with loading volumes in 2022 up 7% to 168mmbpd

2022 Revenue Mix



Natural Gas Processing Operations

~1.1 Bcf/d expansion capacity currently in development

Project	Region	Capacity (Bcf/d)
South Texas	Eagle Ford, Strawn	2,200
Delaware Basin	Delaware	1,595
Midland Basin	Midland	1,020
Pascagoula, Venice, Neptune	Gulf of Mexico	2,400

Segment Operations

Crude Oil Pipelines

- Midland-to-ECHO Pipeline System provides Permian Basin crude oil producers' access to every refinery in Houston, Texas City, Beaumont, and Port Arthur
- Seaway Pipeline connects Cushing hub to crucial Gulf Coast refiners, marine, and storage terminals

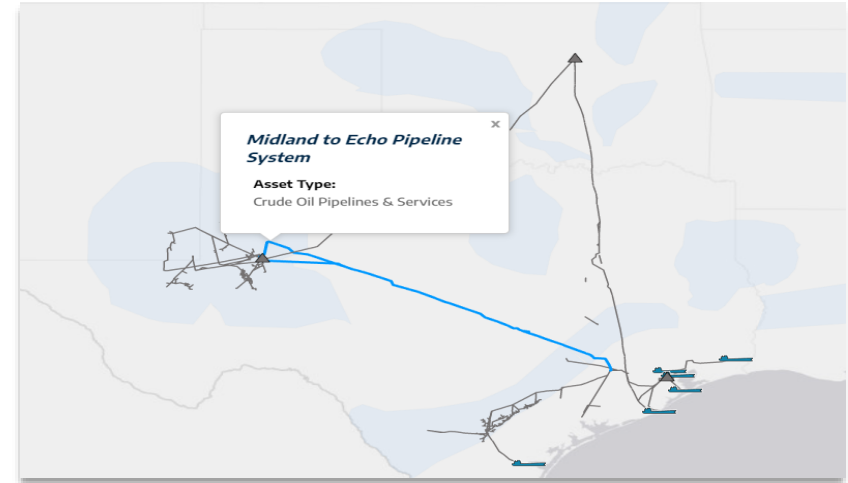
Crude Oil Terminals

- 6 Terminals located in Houston, Midland, Beaumont, and Cushing
- Terminals provide storage options for EPD and its customers, while providing Gulf Coast refiners with an integrated system featuring supply diversification, storage, and high-capacity pipeline distribution system

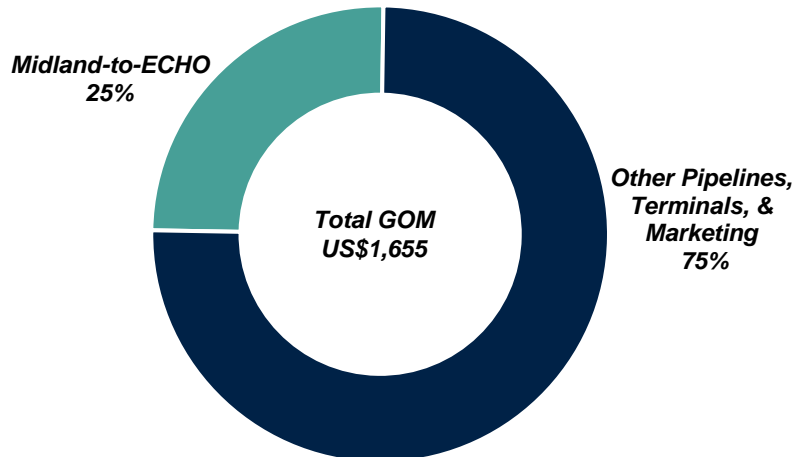
Crude Oil Marketing

- Generate revenue from the sale and delivery of crude oil and condensate on the open market

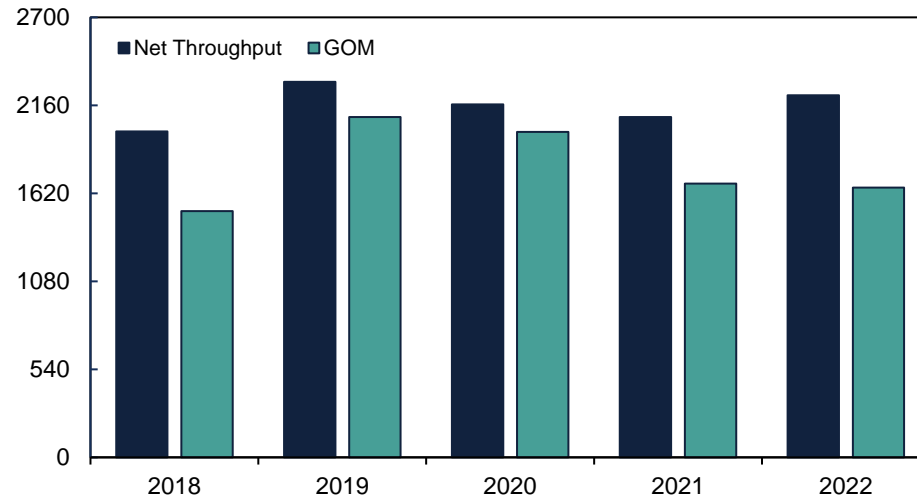
Asset Overview



2022 Gross Operating Margin (GOM)



EPD Net Throughput (mboe/d) vs GOM (US\$mm)



Segment Operations

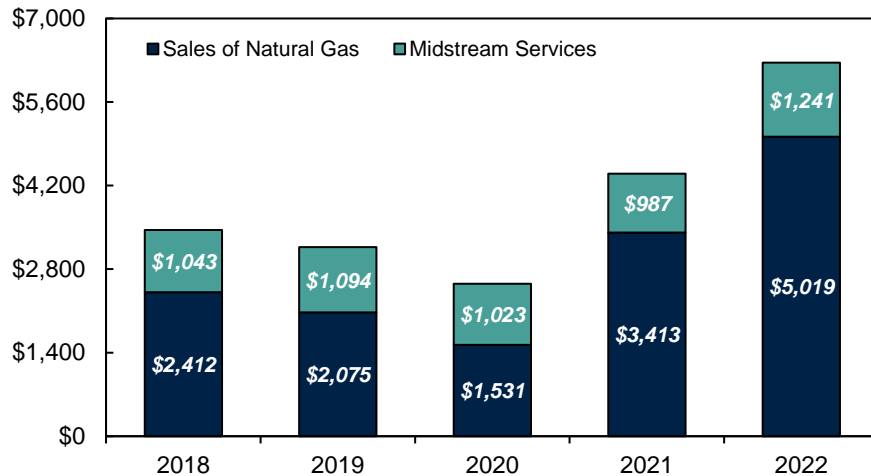
Natural Gas Pipelines and Storage

- Natural gas gathering pipelines, gather, treat, and transport production to regional natural gas processing facilities and downstream sources
- Transportation fees charged to shippers are based on either regulated tariffs or contractual agreements
- Total operating capacity of 24.8 Bcf/d and utilization rate of 65%
- Texas Intrastate System is comprised of 6,770 of pipeline that gathers, transports supply from the Permian, Eagle Ford, and Barnett Basins

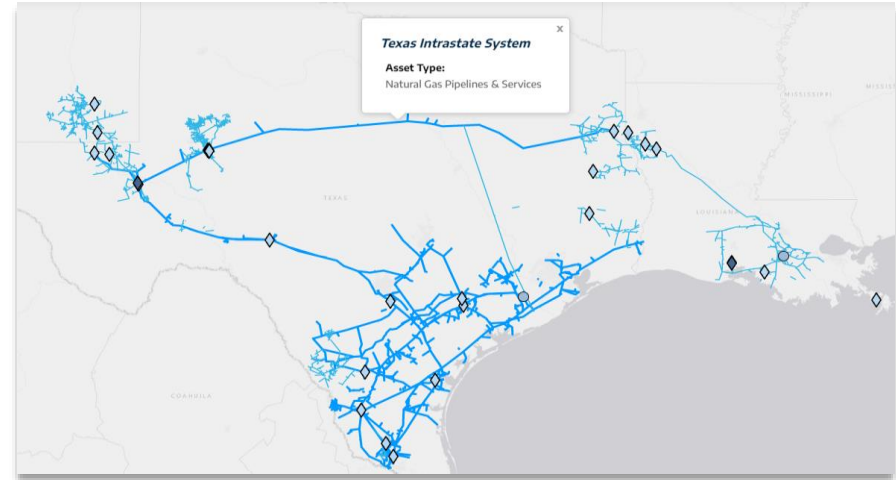
Natural Gas Marketing

- Generates revenue from the sale and delivery of natural gas purchases from producers, processing facilities and on the open market
- Marketing services are offered to customers that use EPD's gathering systems

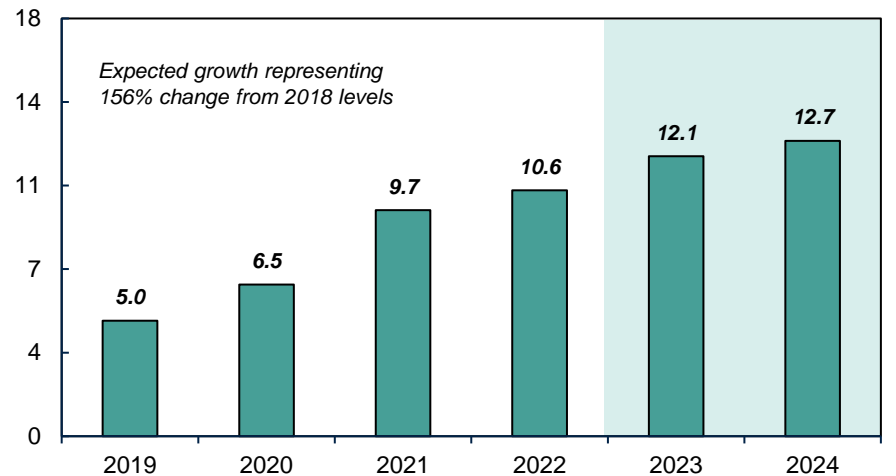
Revenue Mix (US\$mm)



Natural Gas Asset Map



LNG Gross Export (Bcf/d)



Segment Operations

Propylene Production Facilities

- Propylene is a feedstock used by the petrochemical industry, with three primary grades: polymer grade (PGP), chemical grade (CGP), and refinery grade (RGP)
- The Company operates fractionation units that separate RPG into either PGP or CGP, through tolling process agreements
- EPD's propane dehydration (PDH) facility produces PGP using propane feedstock which is used to manufacture a variety of end-use products
- CGP is used in the manufacturing of plastics, synthetic fibers, and foams
- EPD also conducts marketing activities by purchases RGP for fractionation to then sell PGP to customers and purchase of propane for PDH unit

Propylene Pipelines

- 2022 throughput volumes were 163mboe/d which is up ~7% compared to 2021
- The Company's EHT marine terminal includes export assets capable of loading up to 72moe/d of semi-refrigerated propylene

Isomerization

- The Company operates three isomerization units in Chambers County, representing the largest commercial facility in the US, with a total processing capacity of 116mboe/d and utilization rate of 93%
- EPD uses its DIB units to fractionate mixed butanes originating from NGL fractionation operations into isobutane and normal butane
- Operating flexibility from EPD's multiple standalone DIBs allows it to capture market opportunities resulting from market demand and price volatility
- Uses high-purity isobutane feedstocks from isomerization unit to produce products to enhance octane values for refiners

Refined Products

- EPD's TE Products Pipeline supplies refined products from the Gulf Coast to Indiana, from which extends Illinois, Pennsylvania, and Ohio

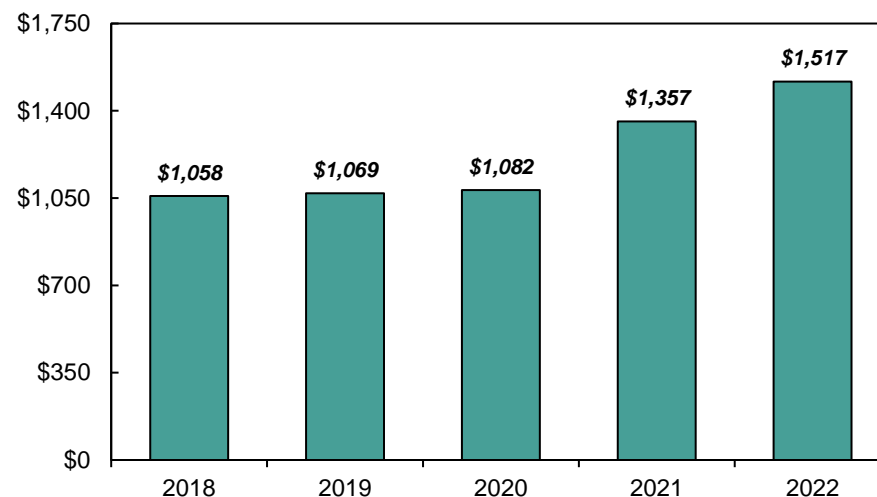
Ethylene Export Terminal

- EPD's nameplate Morgan's Point Facility has capacity to load 1mmtons of ethylene per year

Growth Pipeline & Outlook

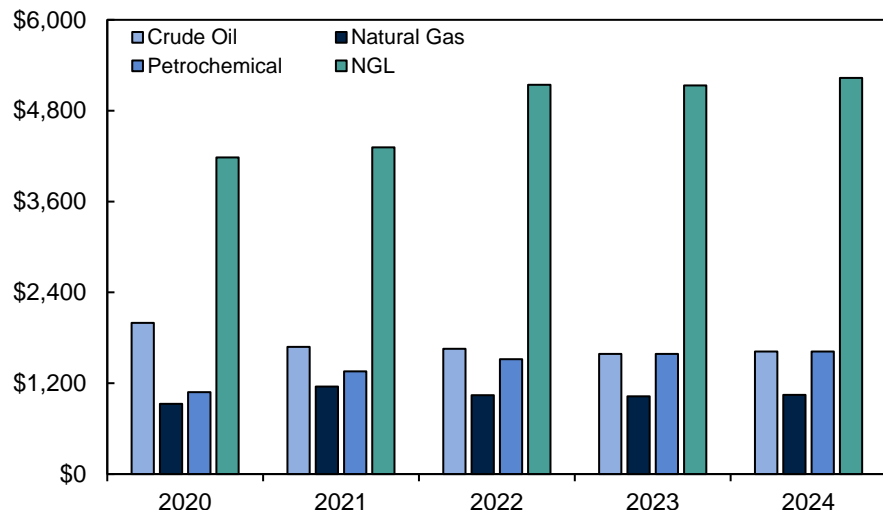
- Global demand for propylene has increased, however use of alternative feedstock such as lighter crude oil and ethane and reduced propylene production from these traditional sources
- This led to the development of "on purpose" production facilities such as EPD's PDH 1 facility, which has 25mboe/d of production capacity for PGP
- In September 2019, EPD announced the construction of its PDH 2 facility which when scheduled to begin production in Q2 2023, is expected to double The Company's PGP production capacity
- In April 2022, the company announced plans to expand its TE Products System to transport refined products from Gulf Coast to western markets
- In April 2022, EPD announced its plans to expand current capacity at its Morgan's Point facility by 50% by 2024 and then 100% by 2025
- U.S feedstock advantage continues to encourage additional ethylene and propylene growth

GOM (US\$mm)

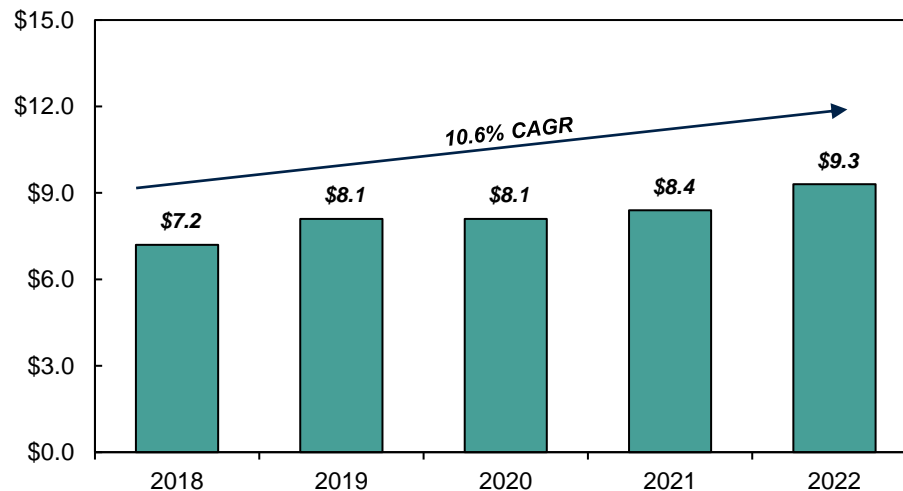


Key Operations

Segmented GOM (US\$m)



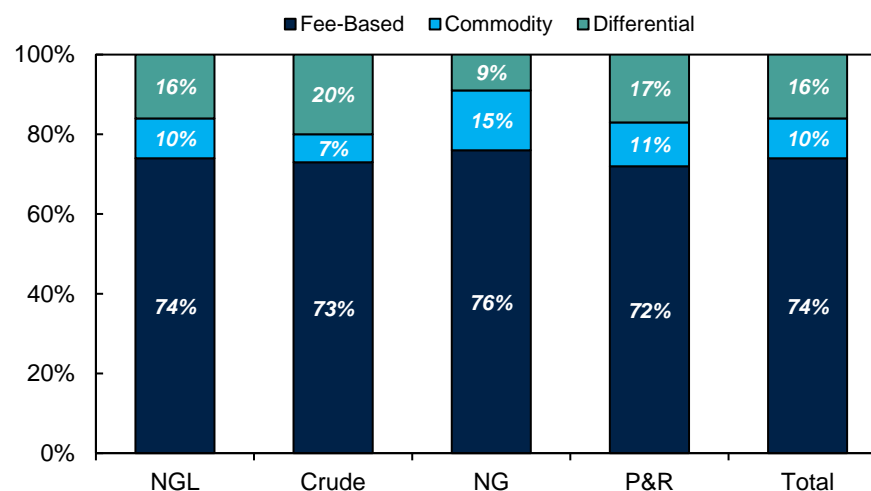
Adjusted EBITDA (US\$B)



2022 Volume Highlights

	2022	YoY % Change
Natural Gas Transportation Volumes (Tbtu/d) ⁽¹⁾	17.1	20.4%
NGL, Crude Oil, Refined Products, and Petrochemical Transportation Volumes (mbpd)	6,672	4.4%
Fee-based Natural Gas Processing Volumes (Bcf/d)	5.2	26.8%
Marine Terminal Volumes (mbpd)	1,713	11.5%
NGL Fractionation Volumes (mbpd)	1,339	6.9%

Segmented Contract Structure



Sources: Capital IQ, Company Filings
 (1) Trillion British Thermal unit per day

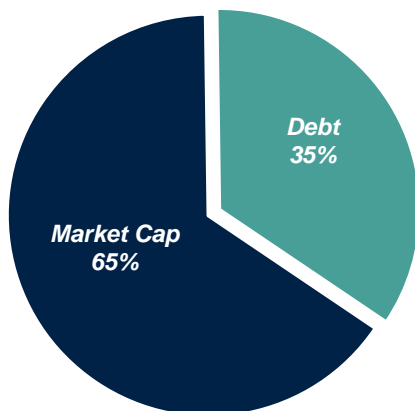
Balance Sheet Strength

EPD Financial Commentary

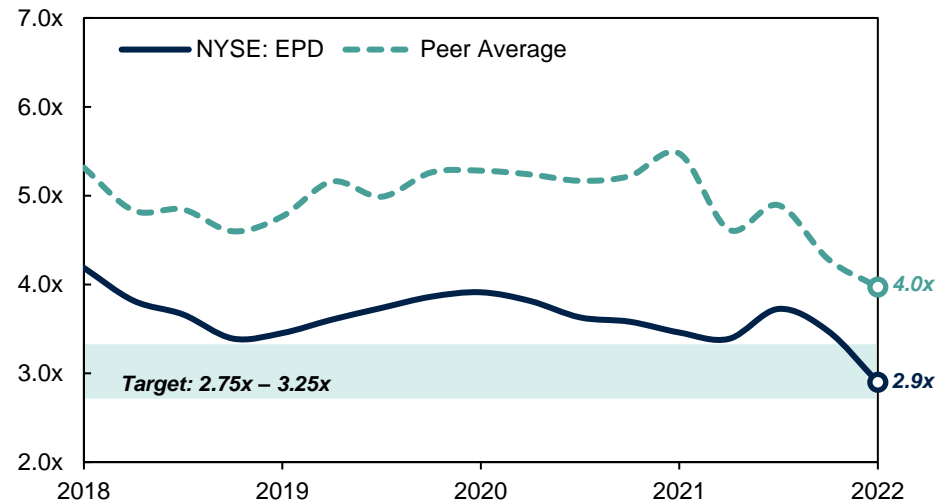
- EPD possesses a strong balance sheet, exhibited through its Net Debt/EBITDA ratio of 3.2x, which is well below its peer average of 4.2x
- The Company has reduced its long-term debt obligations by US\$1.3B in 2022, to US\$26.5B
- EPD has a strong liquidity position of ~US\$4.1B, which is comprised of a revolving credit facility and restricted cash
- Furthermore, EPD has an interest coverage ratio of 5.2x, well above its peer average of 3.5x
- EPD has investment grade credit rating from Moody's (Baa), S&P (A-), and Fitch (BBB+), with all commenting on stable outlook
- ~90% of EPD's revenues from its top 200 customers are either investment grade or back by letters of credit
- In 2022, EPD increased its ROE to 21% (18% in 2021), which is in line with peer group average

Capital Structure

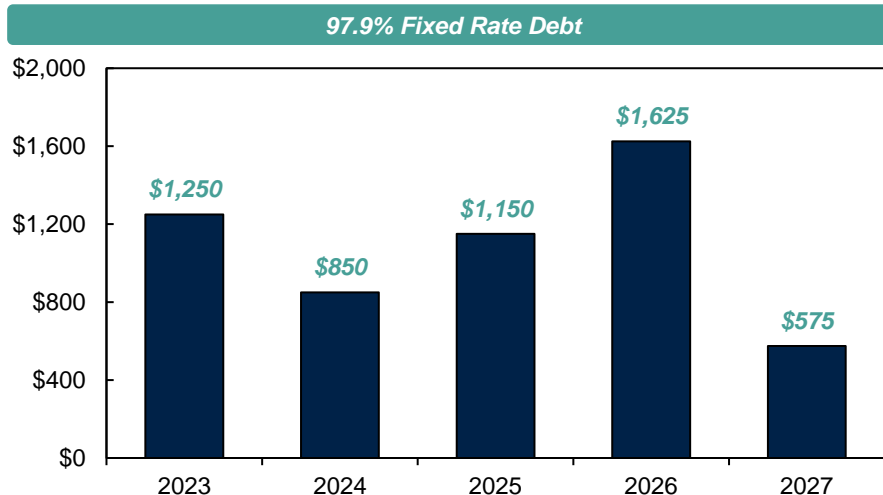
- *EPD's capital structure strength allows for optimal deleveraging initiatives, with flexibility to recapitalize to pursue growth opportunities*



Net Debt/EBITDA vs Peers



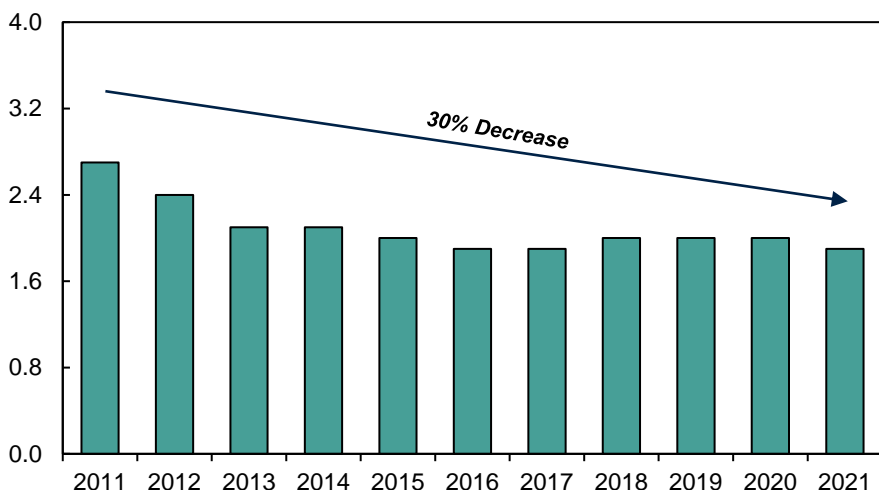
Debt Maturity Schedule (US\$mm)



Commentary

- The Company has been led by Co-CEO's W. Randall Fowler and A.J Teague since January 2020, as EPD looks to transition the role from Teague to Fowler
- EPD has been strategic with its allocation towards midstream projects that protect the balance sheet through the product cycles
- Management as complete more ~US\$36B organic growth projects and several M&A transactions
- EPD's board consists of 11 members, with ~30% female representation
- In 2022, ~73% of CEO compensation was tied to long-term incentive-based rewards and options
 - Similarly, ~67% of NEO pay was associated to long-term incentives
- EPD signed an LOI with Occidental to work towards a CO₂ transportation and sequestration solution for the USGC, focused on emitters in the greater Houston, Beaumont, and Port Arthur areas

Emissions Intensity of Direct CO₂e Emission / mmboe



Management Team



A.J. (Jim) Teague (Co-CEO)

- 50+ years of commercial management of midstream assets
- Specialized in NGLs and Marketing & Trading
- Prior to EPD he served as President of Tejas NGL, LLC



W. Randall Fowler (Co-CEO & CFO)

- Elected as Co-CEO in early 2020
- 20+ years of experience with various executive positions in EPD
- Serves on the Energy Infrastructure Council



Graham W. Bacon (EVP & COO)

- Elected in 2019, prior he served as EVP of Operating & Engineering
- 30+ years with EPD in variety of Operations & Engineering roles
- Prior to EPD, Bacon worked for Vista Chemical Company

Proven Acquisition and Project Execution



(Feb 2022): \$3.25B all-cash transaction that provided significant natural gas gather, treating, and processing assets in the Midland basin of the Permian



(Dec 2021): Started commercial service on its new Gillis lateral pipeline to serve the growing LNG market on the USGC, with capacity to transport ~1.0 Bcf/d of natural gas



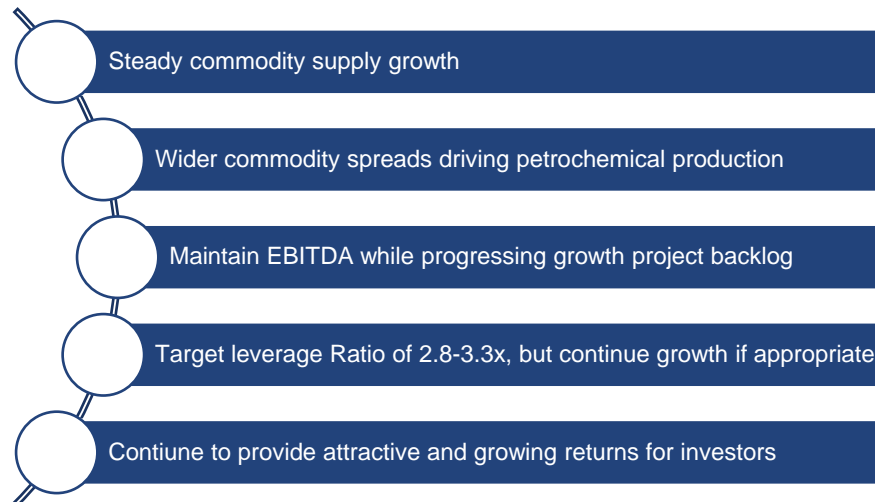
(July 2021): Acquisition gives EPD ownership of the largest ethylene market hub in Texas and complemented its growing network

Business Strategy and Growth Outlook

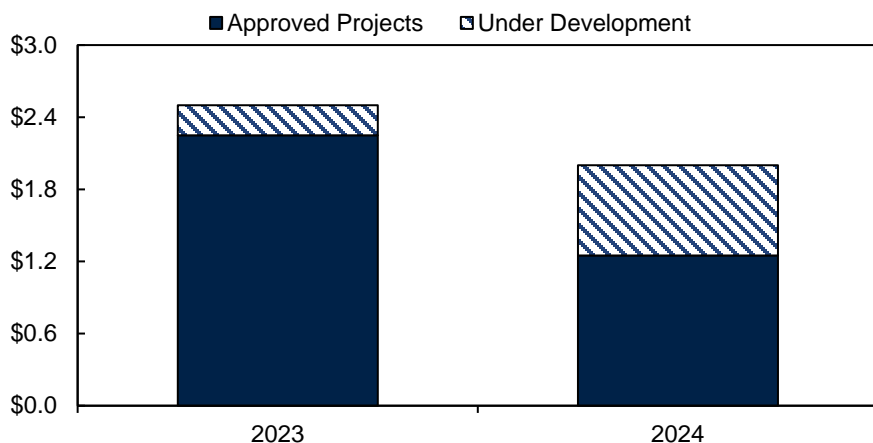
Increasing Crude Oil Export Capacity

- In 2019 EPD submitted its Offshore Sea Port Oil Terminal (SPOT) proposal to the U.S Department of Transportation's Maritime Administration (MARAD) to obtain licensing to construct, own, and operate this deepwater oil terminal.
- SPOT will be connected to an onshore crude oil storage facility with ~4.8mmbbls of capacity and is designed to load VLCCs at rates up to 85,000 bbls/hr
- The project looks to replace the current industry practice of ship-to-ship transfer and reversing lightering to reduce spill and collision risks
- EPD achieved a significant milestone through a received Record of Decision (ROD) from MARAD in November 2022
- The Company has begun working to satisfy the remaining conditions and expect to receive the deepwater port license in 2023

Business Strategy & Outlook



Multi Pillar Growth Pipeline



~\$5.8B of Major Projects Under Construction

NGL

Midland Basin Poseidon Gas Processing Plant	In-Service Q3 2023
Midland Basin Leonidas Gas Processing Plant	Q1 2024
Delaware Basin Gas Processing Plant Mentone II	Q4 2023
Delaware Basin Gas Processing Plant Mentone III	Q1 2024
Shin Oak NGL Pipeline Expansion	1H 2025
NGL Fractionator 12	Q3 2023
New Ethane Export Terminal	2H 2025

Natural Gas

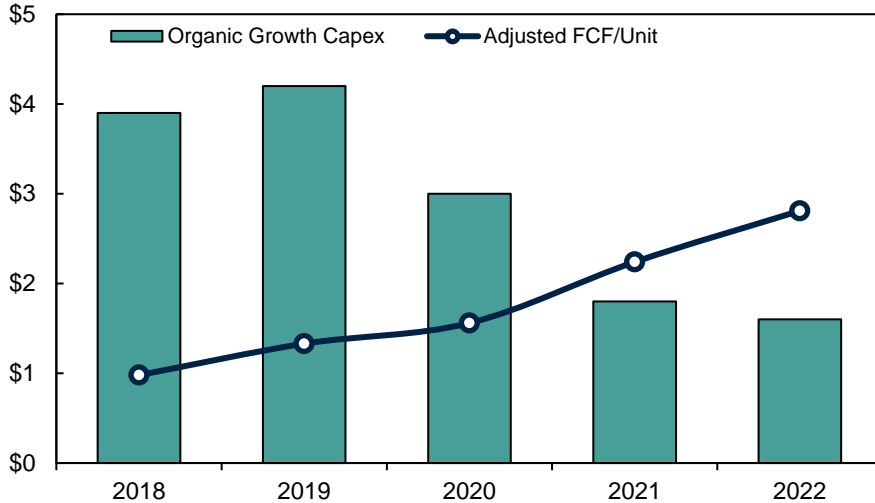
Acadian Natural Gas Pipeline Expansion	Q2 2023
Permian Gathering Pipeline Expansion	2023

Petrochemicals

PDH 2 Facility	Q2 2023
Texas Western Products Pipeline System	Q4 2023
Ethylene Export Facility Expansion	2H 2024 & 2H 2025

Growing Free Cash Flow

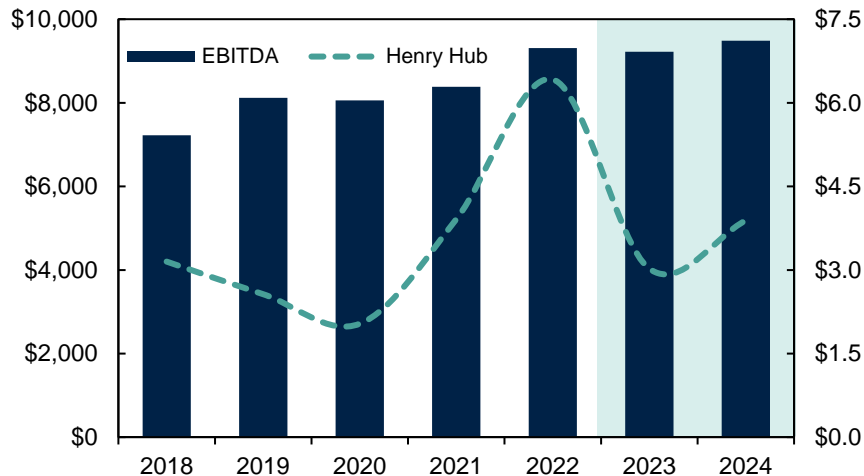
Adjusted FCF Per Unit vs Organic Growth Capital Expenditure (US\$B)



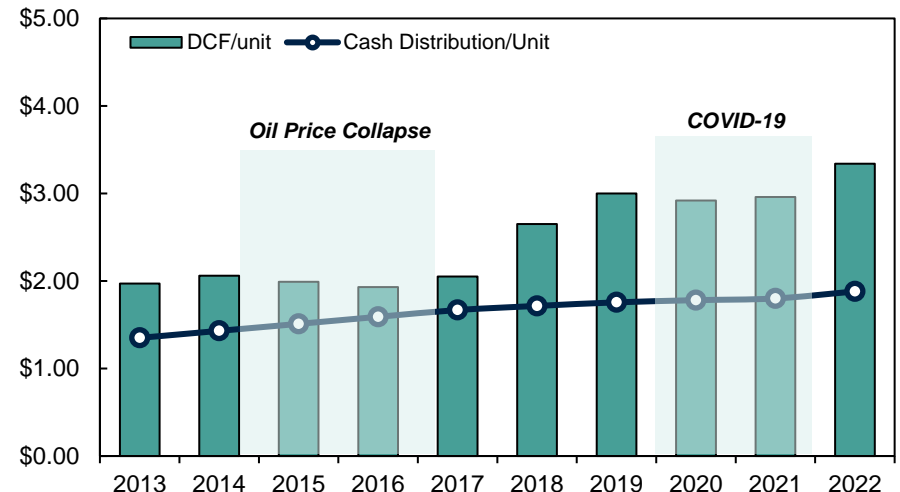
Commentary

- In 2022, EPD generated significant cash flow, which allowed for (1) balance sheet improvement, (2) capital returns, and (3) business reinvestment
- The Company generated FCF of US\$2.9B in 2022, mainly attributable to increases in the NGL and Petrochemical & Refined Products segments
- EPD expects total capital expenditure of US\$2.7 – 2.9B in 2023, which reflects roll over 2022 growth capital investments of US\$2.3 – 2.5B
- The end of 2022 marked the 24th consecutive years of distribution increases and increased its cash distribution by US\$0.49 (5.4% YoY) to US\$1.96 annually in Q4 2022, and looks to do another increase mid-2023
- EPD increased pace in its buyback in Q4 bring total repurchasing to US\$250M of units in 2022, with available remaining capacity of US\$1.3B

EBITDA (\$B) vs Average Annual Henry Hub Prices (\$/Bcf)










Annual Distribution Growth



Comparable Analysis

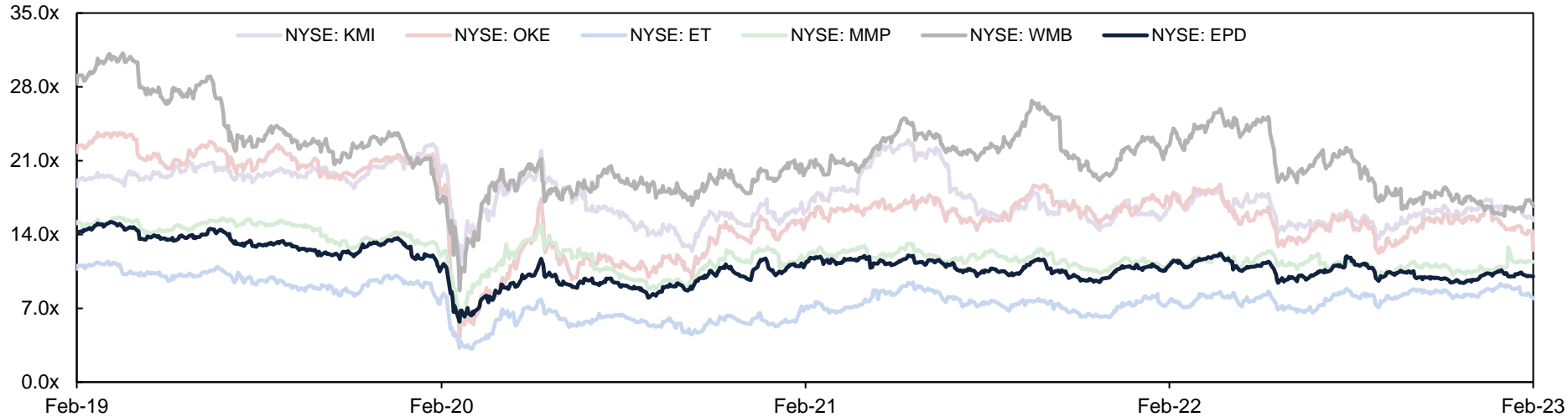
Comparable Metrics

	NGL Focused		Diversified Midstream			Petrochemical	Coverage Co.
	 TARGA	 ONEOK	 ENERGY TRANSFER	 Williams	 KINDER MORGAN INC.	 MAGELLAN <small>MIDSTREAM PARTNERS, L.P.</small>	 Enterprise Products Partners L.P.
Market Cap. (US\$B)	\$16.7	\$27.1	\$36.6	\$35.2	\$37.2	\$10.6	\$54.1
Revenue (US\$B)	\$20.9	\$22.4	\$89.9	\$11.4	\$19.2	\$3.2	\$58.2
Net Debt	\$16.1	\$13.5	\$37.8	\$22.9	\$31.7	\$5.2	\$28.6
LTM EBITDA Margin	13.5%	14.9%	13.7%	44.4%	32.1%	38.8%	15.0%
EV/NTM EBITDA	8.2x	8.9x	7.5x	9.2x	9.2x	10.5x	8.9x
NTM P/E	12.3x	11.3x	7.8x	16.7x	15.3x	11.2x	9.8x
Dividend Yield	2.0%	6.3%	10.3%	6.2%	1.2%	8.0%	7.9%
5-Year Beta	2.27	1.62	1.73	1.21	0.93	0.92	1.05
Net Debt/EBITA	3.9x	4.0x	3.9x	4.5x	5.0x	4.0x	2.9x

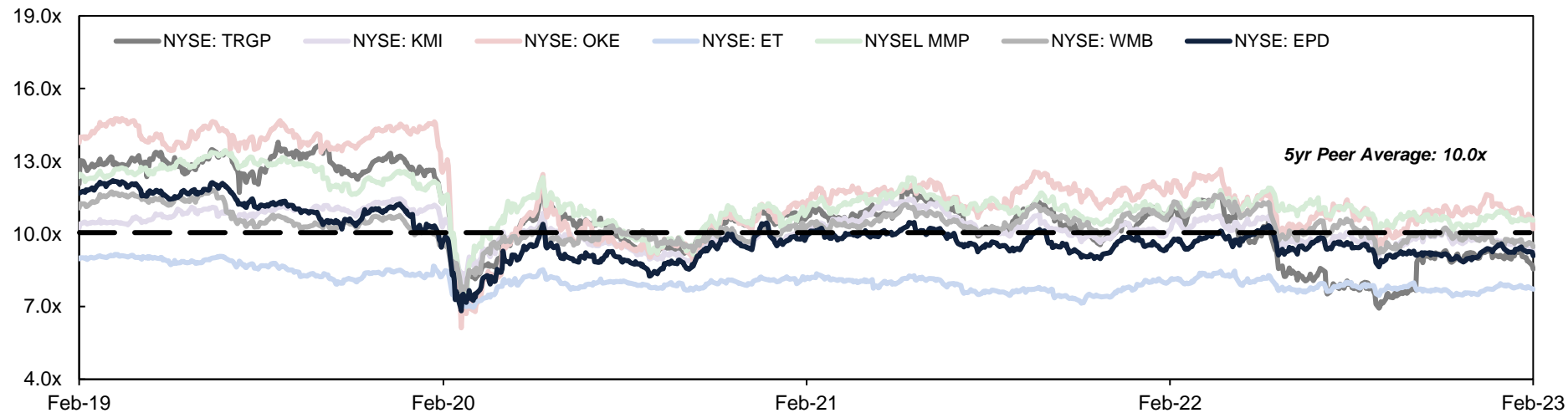
EPD offers a differentiated cash flow profile, with a top quartile yield, representing an attractive relative valuation

Relative Valuation

NTM P/E ⁽¹⁾



NTM EV/EBITDA vs Peers

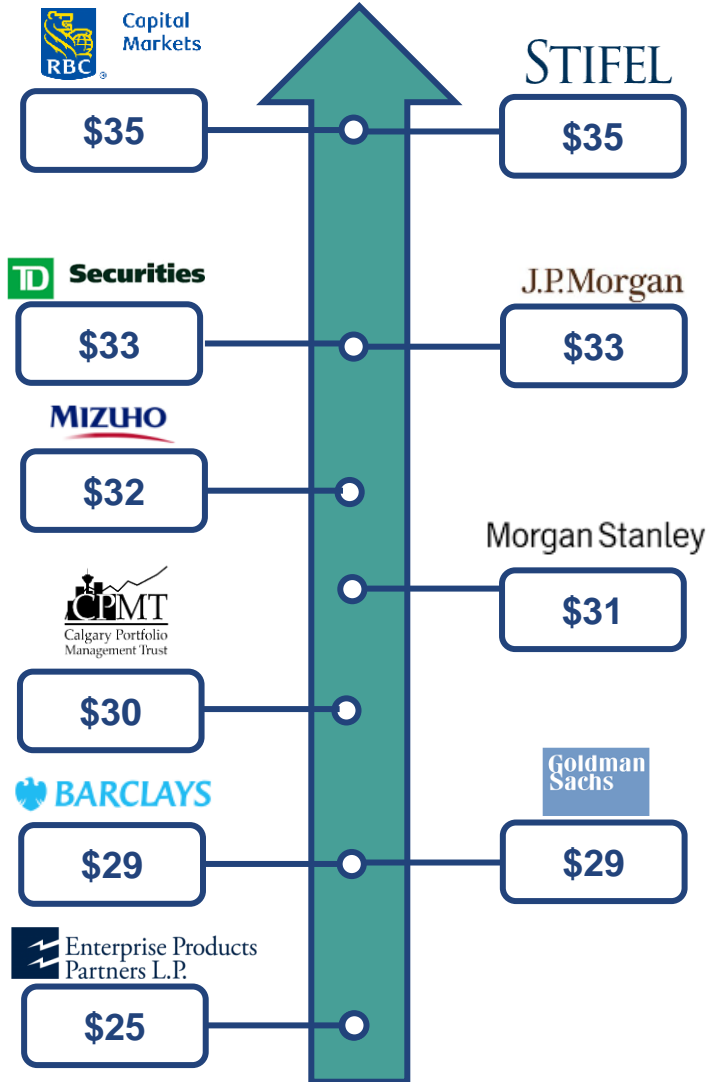


Sources: Capital IQ, Company Filings

(1) Targa Resources Corp. (NYSE: TRGP) not included due to negative earnings in 2019

Street Estimates

Street Estimates and Commentary



Date: Feb. 8th, 2023

“View the stock (EPD) as a core MLP holding with **both defensive and offensive characteristics**.... Offers investors broad exposure to a full spectrum of midstream value chains for NGLs and, increasingly, crude and petrochemical products.... **Multi-year organic growth backlog** helps provide visibility on long-term distribution growth. The large market capitalization relative to the rest of the midstream MLP space should mean easier **access to lower cost of capital** and better trading liquidity”



Date: Feb. 1st, 2023

“EPD assets span from a **diverse supply sources to premium end markets**, resulting in the **largest and most integrated NGL** footprint in North America. An industry-leading integrated suite of services, with **dominate franchises across multiple commodity footprints**, provides a significant **advantage that positions EPD to win incremental growth opportunities over peers**.



Date: Feb. 2nd, 2023

“EPD.. Offers combination of **value and distribution growth at a moderate risk profile**, given the company’s well-positioned integrated system as assets, connectivity, scale, incumbency, and expertise... expectations of some valuation expansion as investors recognize long-term growth possibilities.... With its hydrocarbon-related exports to growth markets, transition to a lower-carbon energy future, and value chain expansion to midstream petrochemical opportunities



Date: Feb. 1st, 2023

“ We continue to view EPD as a diversified midstream company with **strategically located assets that are nearly impossible to replicate**, healthy balance sheet/coverage, and a **strong execution track record**. We think EPD owns on of the higher quality asset portfolios in our coverage, supported by its vertical integration network...**remains one of the best positioned MLPs in nearly in Marco scenario**.

Investment Thesis

EPD's inherent value is derived from its extensive and irreplaceable infrastructure portfolio that is mission critical to its customer base. The CPMT believes that the strategic location of the Company's asset allows for additional benefit of supply increases from top oil and gas basins throughout the U.S. making EPD an attractive service provider due to its ability to source supply to premium downstream and end-markets. The diversity of EPD's assets provides significant exposure to incremental growth opportunities, and the Company's integrated NGL network provides a competitive edge through its full-service capabilities. The Company is well positioned to benefit from the industries looking to reduce carbon emissions and as country's begin to look to the U.S for energy supply. The CPMT views the Company's management favorably due to its proven track record of project execution and ability to produce attractive investor returns. Finally, the Fund believes EPD is possesses an impactful growth pipeline of both short-term and long-term projects.

Investment Criteria

Quality Management?



Competitive Advantage?



Strong Balance Sheet?



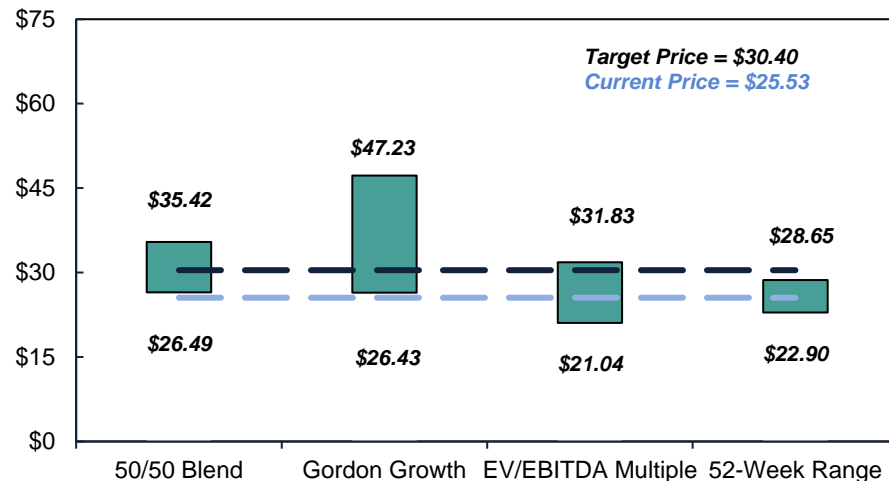
Growing Free Cash Flow?



Attractive Valuation?



Valuation Football Field



Investment Recommendation

ACTION	BUY
CONVICTION	1
CURRENT PRICE	\$25.53
INTRINSIC PRICE	\$30.40
IMPLIED DISCOUNT	19%